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Published With The New York Times and The Washington Post

LONDON, SATURDAY-SUNDAY, MAY 23-24, 1992

ESTABLISHED 1887

Accord On GATT Not Yet Sewn Up Politicians Resist

Last Steps Despite EC Breakthrough By Tom Redburn

PARIS — Despite the European Community's decision to overhaul the costly farm subsidy program that has long blocked a global trade agreement, the United States and agreement; the Omical States and
the EC remain a long way from
reaching an overall settlement of
their dispute, officials said Friday.
"Don't hold your breath just
yet," a U.S. trade official said. "For
all the progress that we have made
in recent months, there is still a
great deal of refuctance at the highres political levels in both Europe est political levels in both Europe and the U.S. to take the final steps to a GATT deal." -

The BC farm agreement reached Thursday night was greeted with sporadic demonstrations from orgamized farm groups Friday, who contended that Europe's polinciens were sacrificing them in order to mach an agreement with the ECs trading partners. A protester and a policiman in Rouen, France, were slightly wounded after about 100 farmers set fire to a police post at the entrance to a government office Farmers in Brussels burned an American flag in front of the U.S. Embassy.

Farm leaders conceded that they had hoped for more vigorous prodicting further action in the coming days.

But there was no indication that the protests would alter the farreaching plan, which actually pre-serves overall farm income by cushioning big cuts in subsidized

Enropean grain prices through direct payments to farmers instead.
Within the PC, large French and British agricultural anterests were the big symposis, largely at the expense of Corman, largely and a price shelder.

European leaders, gleeful that they had finally managed to over-come opposition to reform from the powerful French and German

was now up to Washington.

They controded that the Uru-gray Round of negotiations, which are being held under the aegis of the General Agreement on Tariffs. and Trade, would not make further. progress intil the Bush administration agrees to make concessions in other areas of the talks.

Despite the missions to Washington by Jacques Delors and the German chancellor, one cannot say that discussion has advanced, See TRADE, Page 19

metorist, will be held in Los An-

geles County, a judge ruled Fri-day. Indge Stanley Weisberg over-ruled objections from Mr. Pow-

ell's attorney, who argued that his client could not get a fair trial

in Los Angeles, where the beat-

Lloyds Bank's bid for Midland is

to undergo a British anti-trust

The Agnelli family bought 2 per-cent of Accor. Page 19.

Business / Finance

ing took place.

1388.77



Chancellor Helmut Kohl gesturing to President François Mitterrand in La Rochelle, France, on Friday before to their talks on plans for the joint army corps.

Bonn and Paris to Deploy Euro-Corps by 1995

By William Drozdiak

Washington Post Service

LA ROCHELLE, France — Citing the need for Europe to assume a greater share of the burden for its own defense, the leaders of France and Germany unveiled plans Friday for the 35,000-member joint army corps that they hope will become the nucleus of a continental defense

President François Mitterrand of France and Chancellor Helmut Kohl of Germany concluded a two-day meeting here by urging their European partners to contribute troops to the corps, which will have its headquarters in Strasbourg and be ready for deployment in 1995.

Belgium, Luxembourg, Spain and Italy are thinking about joining, but Britain and the Netherlands have rejected the idea:

their countries. Mr. Kohl and Mr. Mitterrand also announced plans for a new high-speed train network to connect Paris with Munich in southern Germany and

The network will cut travel time by as much as half between major cities. A trip from Paris to Frankfurt will

Pentagon will shut or reduce operations at 61 sites in Europe and 2 in Korea, Page 3.

take three and a half bours, and from Paris to Berlin six and a half hours. The high-speed lines will hook up with

European Community's two leading powers has evoked consternation among American officials, who fear it could undermine the Atlantic military alliance and intensify pressure in Congress to accelerate the withdrawal of U.S. troops from Europe, In a joint declaration, the French and German govern-

ments sought to allay U.S. reservations by stating that the corps would "contribute to the reinforcement of the Al-lantic alliance." The two governments also said their fresh troop commitments to the corps would not affect "existing obligations to other organizations.

German officials said that phrase was added to assure the United States that the Bonn government would not dilute its military contribution to the North Atlantic

See CORPS, Page 4

Thai Leader Seems Ready To Step Down

Suchinda Loses Support Of His Political Coalition

By Philip Shenon BANGKOK - Thailand's besieged prime minister was aban-doned Friday by his political coalition and presented with what amounted to an ultimatum that he resign for his part in the bloodiest

political unrest in the nation's

modern history. There was no immediate response from the prime minister. General Suchinda Kraprayoon, to the announcement by his five-party coalition that they had drafted constitutional amendments that would require him to step down.

[General Suchinda has resigned, Agence France-Presse quoted "highly reliable sources" as saying early Saturday. General Suchinda was believed to be about to leave the country, the sources said. They did not indicate where he was to go, No official confirmation was immediately available.]

The amendments would require the prime minister to be elected not, like General Suchinda, ap-

The move by the political parties unleashed a flood of rumors here --that General Suchinda would resign, that he would dismiss parliament and call for new elections. that his supporters or his enemies in the military would launch a

The effort to remove the prime minister came as evidence mounted that General Suchinda had intentionally underestimated the death count from three days of street clashes this week between soldiers and pro-democracy demonstrators.

While the government has put the death toll at 40, private groups teported Friday that at least 350 people were still missing - many of them thought to be dead.

apparently with the intention of

Medical workers reported that military vehicles had gathered bullet-riddled bodies from hospital emergency tooms on Monday and Tuesday before they could be counted and identified, and then cremated them outside Bangkok,

keeping the official death coun

"Dead people were certainly pur into trucks and carried in its many people have seid this ." -ar. Thavitong Hongviraiana, a ... president at Maladot Unit or a who has organized a telephine by line to register the numing. 1.2 not believe that only 49 to go, were killed. It must have been set eral times lugher

Among those also abardener. General Suchinda has his being minister, Pongpoi Adirekt who, choking hack tears, and at news conference that the postminister must take responsible. for this week's violence,

"The information and apire as and comments which I have toceived point to one conclusion, taxt we must change the prime minis-ter," Mr. Pongpol said, "The image of the country can only mapping after we shange the ridge from-

Hundreds of employee, at the

Foreign Ministry were black at protest over the government's ben-tal suppression of the pro-denies racy demonstrators. Mr. For got-received a letter from secret of state members at the miss thy cer factor ing the killings.
General Suchinda, until last

month the nation's sugresse rethtary commander, was the architect of a February 1991 coup that toppled Thadand's last democratically elected government which will ber leaders described as corrors. He and allies in the arrice for a

then oversaw the removing of the constitution to grant brind nev government powers to the inditary including control over appear, ments to the upper house of profits

Many Thais were not surprised - although they were angreed when General Suchinda emerged little more than a year after the coup as Thailand's new monelected prime minister, appears: J. w. ii., political parties close to the me. tary. He had refused to run f

See THAIS, Page 4

'Appalled,' U.S. Will Clamp Down on Belgrade

LONDON - The United States will expel Yugoslav military attaches from Washington and close two consulates as part of a growing campaign by the United States and Europe to force Scrb-dominated military forces to withdraw from Bosnia-Herzegovina, the U.S. secretary of state, James A. Baker 3d,

Speaking in Loudon after talks with Prime Minister John Major at which the situation in Yugoslavia sistance to the former Soviet Union was discussed, Mr. Baker said the is likely to be overshadowed by the

United States was ready to level severe political and economic sanctions against Serbia for perpetuating "a humanitarian nightmare"

against its neighbors. He said the United States would not return its ambassador to Belgrade, the capital of Scrbia and the rump Yugoslav republic, and would be reducing other personnel

at the U.S. Embassy there. Mr. Baker is heading Saturday to Lisbon, where a conference on as-

Yugoslav strife and by the expected could be a pioy to get the Eur signing of a Strategic Arms Reduc-tion Talks protocol on missile cuts.

A memo delivered to Eu

"We have some ideas we will be discussing with our allies, and there may be some that we will decide to go forward with, whether we can the Yugoslav crisis. bring the European Community along or not," he said.

ness until now to let the Europeans take the lead in dealing with the breakup of Yugoslavia. But it also

A memo delivered to European governments had described Washington as being "appalled" by the Serbian leadership's behavior in

In Washington, Richard A. Boucher, a State Department deputy Mr. Baker's warning of U.S. uni-spokesman, noted that the depart-lateral action marked a shift from ment had previously said it was the Bush administration's willing- considering a broad range of measures that the United States could take alone or in concert with allies. These other elements of the cam-

state emerged Friday:

Bosnia-Herzegovina was admitted to the United Nations on Friday, together with Croatia and Slovenia, and urged the organization to defend it against aggression.

"We call on this body to come to our aid in the bour of our greatest need," the Bosnian foreign minister, Haris Silajdzic, said in remarks to the General Assembly. • The executive commission of

See SANCTION, Page 4

"I saw the people crying," one old Muslim said, describing the lat-est expulsions from Zvornik. West-

See SERBS, Page 4

Toyota and Japan Say Bye to Easy Money

By Paul Blustein Washington Post Service

TOKYO — Japan Inc. is starting to say good-bye to the cheap money that fueled its surge to international financial dominance in the 1980s.

That was the message implicit this past week from Toyota Miller Corp., which said that the company had raised \$1 billion by clima bonds to investors in the London Eurobond market.

No private company had ever tapped the internal onal toyaket with such a large straight-bond issue, lacking convertible or other

As impressive as Toyota's bond sale was for its shear size, however, the development augurs ill for Japan's economy It heralds a new era in which Japanese companies will be foreva :

raise trillions of yen for new factories, equipment and research of much higher interest costs than before. This marks the end of a period in which Japanese concerns enjoyed a hig advantage ever their foreign competitors by being able to borrow at the Vibration.

Toyota will pay an interest rate of 6.78 percent on the restrike. which is about the same as any highly rated company would pay, Japanese or not, By contrast, five years ago, the automaker stunned

See BONDS, Page 19

Muslim Slavs: Last Roundup Kiosk L.A. County Set Serbs Herd Them Into 'Heartbreak Hotels' As Retrial Site this week another truck appeared .hims, and only 10 percent Serbs, at By John F. Burns LOS ANGELES (AP) - The the time of the 1991 census. in the sinuous back streets. In min-New York Times Service retual of Laurence M. Powell, a utes, militiamen in camouflaged fawhite police officer, in the beating of Rodney G. King, a black The UN High Commission for

ZVORNIK. Bosnia-Herzegovina — When Serbian gunmen go door to door, pulling Muslim Slavs from their homes at gunpoint and herding them aboard cattle trucks. they call it "ethnic purification."

But another name for what the Serbs are doing in this deserted, bullet- and shell-scarred town in the hills of eastern Bosnia, and in communities elsewhere in this disintegrating republic, is the revision

For more than 500 years, since Turkish conquerors swept up the Drina River valley and overthrew the medieval Serbian potentate whose ruined fortress looks down from Zvornik's wooded heights, this has been a place where Serbs, Muslim Slavs and Croats have lived side by side.

Serbian militiamen who now con-

tigues press-ganged more Muslim Refugees has described it as Eumen aboard, to join the wave of at rope's worst refugee crisis since World War II, and one of the worst anywhere in decades.

least 670,000 refugees already swamping the "heartbreak hotels," as the victims of Bosnia's savage civil war call the tent camps, school gymnasiums, and parks that serve as temporary quarters for many of the homeless. At least 5,000 of the refugees

perhaps twice as many, are Muslims from Zvornik, a town with a 60 percent Muslim majority that only had about 15,000 residents when the deportations began six weeks

How many Muslims have been driven from all of eastern Bosnia, a region about 80 kilometers (50 miles) wide and about 200 kilometers deep, is unclear, but what is But not for much longer in ZvorBut not for much longer in Zvortactics have been aimed at making nik, if it is left to the slouching a Serbian stronghold of a region trol the town. At lunchtime one day about 450,000 people were Mus-

Bitter Tea for the Okinawans Event Revives Frictions Over Tokyo's Rule

Crance.

By James Sterngold New York Times Service

NAHA, Okinawa - The Japanese government spared no effort in celebrating the 20th anniversary of America's return of Okinawa, which many regard as the high point in Washington's postwar relations with Tokyo.

The emperor and the prime minister greeted Vice President Dan Quayle warmly, as both sides tried to rekindle the good will engendered among the onetime enemies by that act 20 years ago. Only one thing was missing: the Okinawans. With the main ceremony held in Tokyo, 1,500

kilometers (900 miles) to the northeast, and their own rocky, windswept islands reduced almost to an afterthought, the Okinawans decided to hold a separate celebration, pungent with very different

An orchestra of traditional instruments played the prefecture's distinctive music, strains of China evident in the singsong melodies. But it did not once play the Kimigayo, Japan's unofficial an-

The song, which was played at the Tokyo ceremony, is a paean to the emperor, making it a symbol here of Japan's wartime oppression of Okinawa, when the islanders could be shot for speaking their own dialect.

And while the national flag, the hinomaru, fluitered in its red and white glory all over Tokyo, it was conspicuously absent here, except for a single rising sun image above the stage.

The three flagpoles in from of the convention center sat empty, bathed in the hard light of a breezy subtropical morning full of hope and trastration for the 1.2 million people of Japan's peopest prefecture.
"Maybe it was insulting for them to have the

ceremony in Tokyo, but as an Okinawan I'm used to being insulted," said Tatsunire Oshira, one of the island's most respected novelists. "It will make us stronger. We've accumulated a kind of wird-in from our hardships."

Masahide Ota, the prefecture's American adacated governor, put the issue in more potitival, but no less plain-spoken, terms. There would have been one ceremony if the national interests were the same as the local interests." he remarked "Unfortunately, that was not the case."

The history of the more than 60 islands that make up Okinawa is a story of a culture long caught between more powerful, competing persons. It was a kingdom trading actively with Asia for centuries, then stood in the awkward position from 1611 on of being vassal to both China and Japan. The ambiguity was clarified when the islands were forcibly annexed by Japan in 1879, beginning a period of economic exploitation and cultimal intol-

The Japanese, preaching the religion of homogeneity, looked down on the Okinawans and their dialect, while pressing them to assimilate. The

See OKINAWA, Page 4

Europe Finds the Big Spenders Are Roaring Back

By Suzy Menkes tional Berald Tribune

Page 17.

The Dollar

DM 1.6155

Pound 1.8155

Yen 129.25

FF 5.4325

PARIS - It seems that the death of the designer decade

has been greatly exaggerated.
Figures from the hixury companies for 1991—expected to be catastrophic because of the Gulf War — are respectable. In Paris, the spring sealing season, which got off to a slow start, is picking up. And last year's endangered species, the big-spending tourist, is showing a quiver of life.

"The situation is quite encouraging; I don't share the global gloom," said Philippe Vindry, general director of Dior.

Dior's boutique on the Avenue Montaigne shows a 31 percent rise in turnover for the first four months this year compared to the similar period last year, although that

was at a nadir for business. At Nina-Ricci across the avenue, the general director, Wladimir de Kousmine has registered "a strong return of Middle East clients, an increase in South Americans, its accessory and clothing stores on Avenue Montaigne Japanese on a level with last year and not much movement from European clients."

"And in the United States," he said, "our figures for these first four months are slightly up."
"At Louis Vuitton in Paris, we have registered a strong increase in tourists from Japan and Asia," said Rosemary

U.S. tourists returning, wallets tightly gripped. Page 5.

Laudouard, speaking for LVMH. "American tourists are more or less the same because of the state of the dollar. The local clientèle is stable. In Japan, there was a surge because of the Louis Vuitton sponsorship of the America's Cap. And we have registered a mild reprise in the United

States compared to this time last year." "We are seeing plenty of Japanese and American tourthat sell at medium-high prices.

Jacques Mouclier, president of high fashion's ruling body, the Chambre Syndicale, is not so bullish about the supposed return of tourist plastic to the city.

"Paris is busy," he said, "but what we are seeing is coaches filled with East Europeans who have come to sightsee. It is true that the couture has taken off again and that the very rich are always around, but that is not how the luxury industry makes its money. And in the area of the arts de vivre - porcelain, crystal, and tableware things are completly flat."

The surge of the French Inxury industries during the 1980s came from developing global markets, especially in Asia, and by producing ancillary products with a luxury cachet at relatively accessible prices for aspirational new

IT'S THE LITTLE THINGS - General Pavel Grachev, the

new Russian defease minister, struggling Friday with his earphones at his first press conference in his new post. He said

he would slash the Russian general staff by half. Page 2.

See LUXURY, Page 5

By Michael Dobbs

it amington Past Service MOSCOW — The first post-Communist presidents of Russia and Poland, Boris N. Yelisin and Lech Walesa, signed a friendship pact Friday designed to end almost four centuries of political entity and military

"We are opening a new stage in relations between Russia and Poland," said Mr. Walesa, the fermer Gdansk electrician who led the 1980 shipvard strike that cracked the monolithic facade of the Communist world. "I would like Poland and Russia to become the foundation of the post-Communist states of Europe.

Mr. Walesa, who is making his first official visit to the former Soviet Union, received a red-carpet welcome in the capital of a nation

New Chief

Of Russian

Military to

Slash Staff

By Fred Hiatt

Washington Part Service

that he planned to cut in half the

"monsier" general staff of the for-

mer Soviet military and root out the "wheeler-dealers" who have

been "selling wholesale" weapons

and other equipment from the vast but demoralized former Red Army.

ing for the first time Russia's longrange plans for its army, said he hoped to create a smaller, more

professional force with raoid de-

ployment capabilities and a purely

He pledged to open the long-

secreuve, powerful Defense Minis-

try to the press and public and to

take better care of Russia's long-

"Building the armed forces is

one of Russia's most urgent tasks

right now," General Grachev said.

"In a nutshell, Russia should have

But General Grachev made it

clear that Russia was a long way

from that goal. He said Russia's

forces were under attack in several

places outside Russia and were los-

ing their skills because they have no

He and another general said that

the army had managed to draft only 17 percent of young Moscow men who should be eligible this

spring, with the rest excused on

account of what General Grachev

eaustically labeled "so-called ill-

nesses." The officer mourned the

olden days, when he said fevery

General Grachev became Presi-

General Grachev made it clear

that the Russian Army, which has

laid claim to most forces of the

former Soviet Union, would defend

Russia's interests first and fore-

most. He stated, for example, that

he did not believe that Russian

left Poland and Germany, at the

from the Balue states until all have menia.

break with Soviet tradition and spilled."

dent Boris N. Yeltsin's first defense

minister after military reformers

Russian man was a warrior."

funds for training exercises.

an armed force appropriate to a

defensive character.

suffering soldiers.

great power."

The 44-year-old paratrooper and veteran of the Afghan war, describ-

MOSCOW - General Pavel Grachev, the newly appointed Russian defense minister, said Friday

that once reviled him as a counterrevolutionary agitator.

Russian leaders from Mr. Yeltsin downward have gone out of their way to show that him with honors in an attempt to show that sia regarded itself as the successor state to the old Soviet Union.

Russian leaders from Mr. Yeltsin downcow, but ne complained that it was unclear whether Russia regarded itself as the successor state to the old Soviet Union.

Rayin forces in season, which complained that it was unclear whether Russia regarded itself as the successor state to the old Soviet Union. former East European vassals on a new ba-

In addition to the new friendship treaty, which included a joint denunciation of the Communist system. Poland and Russia also signed a pact on the withdrawal of an estimated 40,000 former Soviet troops from Poland hy Nov. 15.

A smaller group will remain behind to supervise the transit of 200,000 former Soviet troops in Germany over the next two years. Russian and Polish officials both acknowlments" during the talks, but blamed them on map of Europe.

past disputes. Mr. Walesa said at a news conference that he was in favor of "starting from zero" in relations with Moscow, but he Katyn forest in Belarus, where the best of the

Asked to describe the principal points bar-ring good relations between Poland and Russia. Mr. Walesa replied: "The past, the past, and the past. Everything is O.K. as long as

we talk only about the future."

The two Slav countries have been mutual enemies since the early 17th century when Poland invaded Russia during the so-called "Time of Troubles" and conquered a wide swath of Russian territory. Russia more than got its own back in the late 18th century with successive annexations of Polish territory edged that there had been "difficult mo- that ultimately removed Poland from the Mr. Walesa ends his visit to the former

century to formally acknowledge responsihility for the killings, which have long been one of the main stumbling blocks to normal relations between the two countries.

Mr. Walesa also had a private meeting with the former Soviet leader, Mikhail S. Gorbachev, who allowed Poland and other East European countries to break free from Soviet domination and Communist party rule in 1989. He later paid tribute to Mr. Gorbachev's political skills, describing him as a "great gambler" who had done an enormous amount for the "renovation" of his

Nuclear Test By China **Startles**

By Joseph Fitchett International Herald Tribune

By testing a nuclear device 50 times larger than the bomb that devastated Hiroshima, China has achieved at least one purpose with its muscle-flexing: It has triggered dismay among Western govern-

The military rationale for the underground blast, the biggest ever by China, is unclear at a time when Western governments carry out testing to verify their ability to make smaller and safer, not bigger,

Because of the inordinate size of the Chinese explosion, the United States is approaching Beijing for explanations about its military purpose and for reassurances about the risk of radiation leakage.

But Western ire, evident in prompt public rebukes to China, reflected concern that the timing of the mammoth test could harmer the U.S. effort to shut the lid on nuclear ambitions among former Soviet republics and in North Ko-

It also is a defiant gesture to France, which has called for a temporary halt to testing. French relations with Beijing are under strain over Taiwan's bid to buy several billion dollars worth of advanced

Beijing has warned that any deal that significantly improves Taiwan's military power will prompt retaliation by China, probably in the form of arms sales jeopardizing Western efforts to block the spread long-range missiles to Third Azerbaijani defenders taking a break to eat from their defense of Nakhichevan, an Azerbaijan-ruled enclave under attack by Armenia. World countries.

Similar intimidation, Western chev said, "Turkey is a very civi- and loss of life," NATO said in a menia and to the majority Armeofficials said, can be read in the nuclear test, which was meant to convey a message that the rest of "Any action against Azerbaijan's or any other state's territorial integthe world cannot ignore China's status as a nuclear power - and mischief-making potential.

The U.S. anger was directed pri-marily at the timing of the Chinese and unacceptable violation of the test, which occurred at a critical point in U.S.-led efforts to settle the nuclear legacy of the former Soviet Union without the emergence of any new nuclear states with nuclear weapons.

As early as this weekend, the United States hopes to get agreement from Belarus, Ukraine and Kazakhstan to join the U.S.-Russian treaty reducing long-range nuclear missiles, hand over to Moscow the long-range missiles and bombers on their territory and sign the Nuclear Nonproliferation Treaty as nonnuclear mations.

The menacing reminder from

China, however, could rattle Ka-zakhstan, which has constantly cited fears of Chinese ambitions along their ethnically volatile border as a reason for wanting to keep nuclear weapons of its own.
The United States could now

come under renewed pressure to offer assurances of U.S. support for Kazakhstan in the event of trouble with China - something that Washington has been reluctant to give in exchange for Kazakh denuclearization.

An almost certain casualty of China's action is early movement toward a comprehensive nuclear

test ban. That idea already was floundering mainly because the allies objected to President François Mit-

terrand's unilateral initiative last month in suspending French nuclear tests for a year, apparently to mollify environmentalists. Both President George Bush and Prime Minister John Major were so

irritated by what they saw as an untimely, potentially troublesome initiative that they have declined even to respond to Mr. Mitterrand on the issue.

The only support for the surprise French initiative was praise by President Boris N. Yeltsin of Russia. But even before the Chinese test, officials in Moscow predicted. that Mr. Yeltsin was likely to order a resumption of testing, probably this fall, as a gesture to the Russian military establishment.

In Paris, officials said that China's open rebuff may strengthen the hand of Defense Minister Pierre Joze, who opposed the mor-atorium on nuclear tests and has been urging Mr. Mitterrand to approve the sale of fighter-bombers to Taiwan in order to help France's ailing aerospace industry.

Danes Cancel EC Rally Over Fears of Violence

The Associated Press COPENHAGEN —A rally for a Danish "yes" in the June 2 referendum on the European Community union was canceled Friday because of fears of violence by leftist oppo-

The rally, organized by the youth wing of the National Federation of Trade Unions, had been planned for Friday in the Copenhagen. Town Hall Square. Handbills distributed this week by leftist groups called for a demonstration against

DEATH NOTICE

We regret to announce the death of Mr. Alfred DAOUD. A memorial service will be held at

the American Church, 65, quai d'Orsay, 75007 Paris on 25 May 1992, at 14 h. Mr. DAOUD requested contributions be made in his name to the American Church in killed as he attempted to flee back

WORLD BRIEFS

Israel Hits Shiite Targets in Lebanon

BEIRUT (AP) — Artillery duels rocked southern Lebanon on Friday while Shiite Muslim mourners, vowing swift revenge, buried victims of Israel's bloodiest air raids against guerrilla targets this year.

The police said Israeli and allied militia grappers shelled suspected military bases in the southeastern villages of Masinghara and Em el Timeir. Three civilians were wounded. Guerrillas of the Iranian-backed Hezhol.

lah, or Party of God, hit back, targeting Marjayoun, provincial capital of Israel's self-styled "security zone" in southern Lebanon.

The artillery exchanges marked a fourth day of hostilities between the Israelis and Hezboliah. They came a day after israeli warplanes blaned Hezbollah bases in Belsaa and in the south. The police put the causalty figure of the two raids at 13 killed and 25 wounded. Funerals organized by Hezbollah were held for the victims in Beirut and Baalbek.

Kurdish Election Ends in Dead Heat

IRBIL, Iraq (AP) - Three days after the Iraqi Kurds' first democratic elections, the electoral commission announced Friday that the two major parties had ended in a dead heat, each winning nearly half the seats in

The commission also said run-off elections would be held for the supreme leadership of the Kurds. Neither of the two main styls.

Massoud Barzani of the Kurdistan Democratic Party and Jalai Talaham
head of the Patriotic Union of Kurdistan — captured an absolute

majority.

The two main parties each received 50 seats among the f05 in the national assembly. Five additional seats were divided between the two Assyrian minority groups. None of the five smaller parties got even the minimum 7 percent of the vote needed to enter parliament.

China Releases 3 Catholic Clerics

HONG KONG (AP) — China has released three elderly Catholic clerics who had been serving prison sentences for "counterrevolutionary activities," a Hong Kong-based luman rights activist said Friday.

Bishop Peter Lin Guandong, 72, and the Reverend Wang Yijun, 75, were released six months before completing their most recent sentences, The Reverend Joseph Jin Dechen, 72, was released on parole two years before his 15-year term was to have ended. The three men have each spen

about two decades in prison. The releases do not necessarily reflect a growing tolerance for religion

from the Chinese Communist government, said the activist, John Kann. According to a document from the Ministry of Justice circulated by Mr. Kamm, the three were released because "they were over 70 years old and had no one to look after them."

Print Strike Averted in Germany

NUREMBERG (AP) — Employers on Friday agreed to mediated 5.8 percent wage increases for print industry workers, averting a timestened

The IG Medien union, representing 225,000 members, had asked for 11 percent increases, while employers originally offered 3.3 percent. Following a settlement by the IG Metall metalworkers union on Monday, on increases totaling 5.8 percent, print employers said they would consider a

After 14 hours of meetings on Thursday, the mediator, Heinrich Reiter, who is head of Federal Social Court in Kassel, proposed a 12-month contract with 5.8 percent increases. His proposal was immediately accepted by the printers' union. Employers agreed the next day.

Fraud Charges Cloud Philippine Vote MANILA (AP) — Fidel V. Ramos predicted Friday that he would be named winner of the presidential election, but an election official said fraud had been discovered in three areas where the former defense

His rival candidate, Miriam D. Santiago, who first raised corruption allegations, had announced that she would begin a liquid fast — "to the death if necessary" —to protest fraud in the May 1f election. She said she would enter a hospital and take only liquids until President Corazon C.

Aquino put a halt to the vote-count irregularities.

With 57 percent of the votes counted, Mrs. Santiago has dropped to third place behind General Ramos, and Eduardo Cojuangco, a close ally of former President Ferdinand E. Marcos. Mrs. Aquino's chief aide, Franklin Drilon, acknowledged that there had been scattered fraud, but he said it was not enough to affect the outcome.

For the Record

A former Italian justice minister proposed as the nation's next president failed to rally enough votes in parliament Friday as the 14th round of voting for a head of state ended in disarray. Gruliano Vassalli, a Socialist, won only 351 votes, even though the four parties of the outgoing governing coalition pledged to support him. They control 538 votes

TRAVEL UPDATE

Airlines Warn EC on Effect of VAT

LISBON (Reuters) - Airline officials warned the European Community on Friday that VAT, or value added tax, on passenger flights would cause ticket prices to increase.

VAT now is only payable on domestic flights in EC countries. But in the EC single market from 1993, all flights between the EC states will become domestic flights, and would possibly be liable to VAT.

Nigerian air controllers suspended a strike Friday that has paralyzed the country's airports since Monday after the government, facing wide-

AMSTERDAM CROSSROADS INTERNATIONAL CHURCH Interdemoninational & Evangelical Sunday Service 10:30 a.m. / Kids Welcome. De Cuserstraat 3, \$. Amsterdam 02940-15316 or 02503-41399. DUSSELDORF

CHRIST CHURCH (Anglicen) 5.5. and Services 11:00, All Denominations are welcame. Ratterdem 51r. 135, Tel. 0211/452759 FRANKFURT CHRIST THE KING. (Episcopol/Anglicon).

Sebastian-Rinz-str. 22, U1,2,3 Miquel-Allee.

Sun, Holy Communion 9 & 11 a.m., Sunday
School and Nursery 10,45 a.m. Concert of
English Chorol and Instrumental Music on
Set. May 23 at 7:30 p.m. The Revd. David
Ratcliff (069) 55 01 84.

HOLLAND INTERNATIONAL CHURCH, Bodho Holland, Tal.: 020-6592922.

MUNICH 'INTERNATIONAL COMMUNITY CHURCH, Evangelical, Bible Believing, services in Eng-lish 4:15 p.m. Sundays at Enhaber Str. 10 (UZ Theresienstr.) (089) 850-8617. PARIS and SUBURBS

THE AMERICAN CATHEDRAL (Episcopal-Anglican), Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 ove. George V, Paris B. Tel.: 47 20 17 92. Martra: George Y or Alma-Marceau. HOPE INTERNATIONAL CHURCH (Evan-gelical). Sun. 9:30 a.m. Hotel Orion. Metro 1 : Esplanade de La Défense. Tel.: 47.73.53.54 or 47.75.14.27. SABNT JOSEPH'S CHURCH (Roman Catholic). Masses Sat. Evng. 6:30 p.m., Sun. 9:45, 11:00 c.m., 12:15, 6:30 p.m. 50 overuse Hache, Paris 8th. Tel. 42.27.28.56. Metro: Charles de Gaulle - Etoile.

MONTE CARLO INIT FELOWSHIP, 9 Rue Louis Notori, Sunday School 9:45, Sunday Worship 11 a.m. & 6 p.m. Tel.: 93.25.51.51.

TOULOUSE HOPE INT'L CHURCH, Evangetico and for everyone, Sunday 7 p.m. Sofitel Hotel Tou-louse Biogniac Airport, Tel.: at. 86.91.22.

TOKYO PAUL INTERNATIONAL LUTHERAN

EUROPEAN BAPTIST CONVENTION

TRINITY INTERNATIONAL BAPTIST CHURCH, 58, Vauliogments Ave. And Helinikon. 5.5, 9:45. Worship at 11:00 e.m. and 7:30 p.m. Tel.: 01-962-2665 for directions.

REPLIN INTERNATIONAL BAPTIST CHURCH, BER-LIN. Rothenburg str. 13, 1000 Berlin 41 (Steglitz). Bible study 10.45, worship of 12.00 and 19.00 each Sunday. Charles A. Warford, Paster, Tel.: 030-774-4670.

BONIN/ KÖLN THE INTERNATIONAL BAPTIST CHURCH OF BONN! KÖLN, Rheinau Strasse 9, Köln. Worship 1:00 p.m. Calvin Hogus, Pastor. Tel.: (02236) 47021.

end of 1994 - unless the Baltie

states agree to pay for officers'

He took a swipe at Ukraine when

he argued that the entire Black Sea

Fleet should remain under control

of the Commonwealth of Indepen-

dent States, rather than being di-

vided and given in part to Ukraine.

sian troops to use tanks and shoot to kill if they, their families or their

property were subjected to "hooli-

ganism or handity" in areas of

ethnic tension outside Russia, Doz-

ens of troops have been killed and

injured in such attacks this year,

And General Grachev said that

Russia would reject an Armenian

request to keep elements of the old

7th Army in that Caucasian state,

now embroiled in fighting with

Despite a collective security pact

recently signed by Russia, Armenia and four other former Soviet re-

publics. Mr. Graebev said the Rus-

sian leadership "will not send Rus-

sian boys where they may be killed,

would consider an Armenian re-

quest to slow the withdrawal.

which he said would begin June 1.

And he dismissed speculation that

Russia and Turkey could be drawn

into a war, with the Turks defend-

ing the Muslim Azerbaijanis and

"As far as f know." General Gra-

RELIGIOUS SERVICES

General Grachev said Russia

Azerbaijan.

lost their hid to have Mr. Yeltsin where Russian blood may be

troops should begin withdrawing Russia on the side of Christian Ar-

according to military officials.

He said he had authorized Rus-

as that republic has demanded.

housing in Russia.

BRUSSHAS

BRIERNATIONAL BAPTIST CHURCH of Brussels welcomes you to join our English-spending, Christ-centered fellowship with on active Youth Ministry located near the international airport. Sunday School and Bible Study 9:45 a.m. Warship Service 11:500 a.m. and 6:00 p.m.-Lange Eisstraot 78, 1970 Wezembesk-Oppern, 02/731.12.24-Pastor Ulrich Dolder.

BUDAPEST

International Baptist Fellowship. Il Birnbo e. 56 (main entrance Tapolcsamyi u. 7, immediately behind front entrance). 10:30 Bible study. 6:00 p.m. Fronk Zedick, postor. Tel.: 115 87:59 & 115 0116.
Reached by bus 11.

BULGARIA INTERNATIONAL BAPTIST CHURCH, Sofia, Oboriste St. 103, Ent. B, Fl. 4, Apr. 17. Bible study 10:00. Worship 11:00. Tel.: 447075/704367.

CELLE/HANNOVER

INTERNATIONAL BAPTIST CHURCH, Friedenskirche, Kiemarwstr. 15, Celle, SS 12:45, Worship 14:00. 30 min. Drive, 20 min. By train from Hannover. Walking distance from Celle train station, Contact Andy Earl. Tel.: 05141-30735. DARMSTADT

DARMSTADT/EBERSTADT BAPTIST MISSION, Bible study & Worship Sundary 10:30 a.m. Studimission De-Eberstadt, Bureschelstr. 22, Dr. Brian Everett, postor. Tel., 06187-91683 (pastor) & 06151-68702 (deacon). DÜSSELDORF

INTERNATIONAL BAPTIST CHURCH, English, s.s. 10:00, worship 11:05. Children's church and nursery. Meets at the International School, Leuchtenburger Kirchweg 2, D-Kaiserswerth, Friendly tellowship, All denominations welcome. Dr. W.J. Delay, Pastor, Tel.: 0211/400 1:57.

FRANKFLIRT INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelisch-freikirchliche Gemeinde, Bodenerstr. 11-18, 4380 Bod Hamburg, phone: 06134-23278 or 06190-643350 serving the frankfurt and Taurus areas, Germany. Sunday worship 09:45, nurstey + Sunday-school 10:00, women's circle-friday 09:30. Housegroups - Sunday + Wednesday 19:30. Paster M. Levey, member European Boptist Convention. "Declare His clary amonast the nations." BETHEL INTERNATIONAL BAPTIST CHURCH,

HAMBURG INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets of TABEA FESTHALLE, Am Isfeld 19, Hamburg-Ostdorf, Bible Study of 11:30 & Worship of 12:30 each Sunday.

TRENTY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Blaemcamplaan 54 in Wassenaar.

Tel.: 01751-78024. KRAKOW INTERNATIONAL BAPTIST FELLOWSHIP.
ul. Wyspianskiego 4. First Sunday each
month. 6:00 p.m. Gustaw Cieslar, coordinator. Tel.: 33 23 05 + 66 49 32. INTERNATIONAL BAPTIST CHURCH OF MUNICH, Holzstr. 9 English Longuage Services. Bible study 16:00. Worship Service 17:00. Postor's phone: 690 8534.

lized country, and it has no inten-

Military officials said the war

NATO, worried that Turkey

could be drawn into the conflict

over Nagorno-Karabakh, told Ar-

menia on Friday that it could not

hang on to territorial gains made in

the fighting with Azerbaijan, Reu-

"Allies are profoundly disturbed

By Celestine Bohlen

New York Times Service

Russia on Friday, 17 years after she and her husband, Alexander I. Solzhenitsyn, the writer,

dissident and Nobel Peace laureate, were expelled

Now the Soviet Union is gone, but Mr. Solzheni-

At Moscow's Sheremetyevo Airport, where she arrived Friday from the United States with two of

isyn, a man of towering stature bo

abroad, has yet to come home.

MOSCOW - Natalia Solzhenitsyn returned to

by the continuing bloody conflict

reported from Brussels.

from the Soviet Union.

zones between Armenia and Azer-

haijan were relatively quiet Thurs-

tion of attacking anyone."

day night and Friday.

NATO Statement

17:00. Postor's phone: 690 8534.

PARIS and SUBURB

EMANUEL BAPTIST CHURCH, 56 Rue des
Bons-Raisins, Rueil-Malmoison. An evangelical church for the English specking
community located in the vestern suburbs.
S.S. 9:45; Worship: 10:45, Children's
Church and Nursery. Dr. B.C. Thomas,
pastor. Call 47:51.29:63 or 47:49:15:29
for information.

for information.

INTERNATIONAL BAPTIST FELLOWSHIP.
6:30 p.m., 123 ev. du Maine. M° Gaité.
Neor the Tour Montpormosse. The evening service of Errmanuel Baptist Church, Call
47.51,29.63 or 47.49.15.29.

WILPPERTAL
International Baptist Church, English, German, Persian. Worship & p.m., Friedershort
64, Wuppertal - Ransdorf. All denominations welcome, Hons-Dieter Fraund, pastor.
Tel.: 0202/4698384. ZURICH

INTERNATIONAL BAPTIST CHURCH of Wädenswil (Zirich), Switzerland, Rosenbergstrose 4. Worship Services Sunday mornings 11:00. Tel.: 1-252 6222.

ELIROPEAN UNITARIAN UNIVERSALISTS

UNITARIAN UNIVERSALISTS will service, "Peace Tolks" on Sunday, May 24th at 12 noon at the Foyer de l'Anne, 7 bis, rue du Pasteur-Wagner, 7501 Parts. Métro Bashille, Piease us. Réligious Education for children: (1) 39 55 60 08 or (1) 42 77 96 77. BARCELONA. Aportado de Correos 27305, 08080 Barcelono, Spain. BRUSSELS meet 2nd Sun. soch month, Brussels. (32) 65-36-45-70.

COPENHAGEN tel.: (45) 42-89-4184. FRANKFURT/WIESSADEN meet every Sunday at 1 p.m., Lindsay Air Station, Wiesboden. [49] 611-823-673 or [49] 6129-9034

GENEVA/ BERN tel.: |41}-31-4438-08. HEDELBERG meets 2nd and 4th Sunday avery month at 13,00 at Thompkins Barracks Chapel, Schwel, Schwetzingen. (49) 6222-7 3716 at (49) 6205-16486. MUNICH meet 4th Sun. each month at 11 e.m. Building 311, room A4, Perlocher Forst Housing Area, Munich. (49) 89-28-23-26.
NETHERLANDS meet 4th Sunday each month of 11 a.m., International House, Repenburg 6, Leiden. (31) 2946-1962 or (31) 71-121085 evenings.

ARIS the Unitarion Universalist fe 7 bis, rue du Pasteur Wagner, 75010 Paris (Metro Bastille), usually the 4th Sunday of each month. Tel: (33) 1-42-77-9677. Every-FOR INFORMATION CONTACT: EUU c/a Becskenhazy, Thormanistr. 59, CH - 3005 Sem, Switzerland. Tel.: (41) 31-44-38-08.

ASSOC, OF INT'L CHURCHES IN EUROPE & MIDEAST

AMERICAN CHURCH BY BERLIN, cor. of Cloy Allee & Poisdomer Str., S.S. 9:30 c.m., Worship 11 c.m. Tel.: 030-8132021.

the couple's three sons for a monthlong stay, Mrs. former Soviet republics. Solzhenitsyn made it clear that her main mission Since then, his prophecy has been swept aside was to set the stage for her hushand's bomecoming. by the rapid disintegration of the old Soviet em-"He will return by all means," she said. "It has been decided. It will be a very serious step. He pire, and by heightened tensions between Russia and Ukraine.

AMERICAN PROTESTANT CHURCH, Sunday School 9:30 a.m., worship 11 a.m., Kennedy Alice 150. Tel.: 0228 - 37 41 93 BRUSSELS

statement that urged Armenia and

Azerbaijan to stop fighting and

find a peaceful solution to their

ft said forces should be with-

Turkey, which has strong ties

with Azerbaijan, had urged its

Western allies to condemn Arme-

nia and warned them that it might

otherwise become involved in a

Diplomats of the North Atlantic

Treaty Organization said that al-

though the statement contained an

Homecoming for a Solzhenitsyn

drawn from occupied areas.

THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School — 9.30 a.m. and Church — 10-43 a.m. Kattonberg, 19 (at the int. School). Tel.: 673.05.81, Bus 95, Tram 94. BUDAPEST

INTERNATIONAL CHURCH OF BUDAPEST, Sun. 10:30, Dist. I, Corvinter B. Rev. G. Howard, tel/fox (36-1) 176-4518. COPENHAGEN

INTERNATIONAL CHURCH of Copenhagen, 27 Farvergade, Vartov, near Rådhus, Study 10:15 & Worship 11:30, Jack Hustad, Pastor. Tel.; 31 62 47 85. FRANKFURT

TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bahn 5), Sunday School 9:30, warship 11 a.m. TeL: (069) 599478. EV. LUTHERAN CHURCH of Genevo, 20 rue Verdoine. Sunday warship 9:30. in German 11:00 in English. Tel. (022) 310.50.89.

LONDON AMERICAN CHURCH in London at 79 Tottenhom Court Rood, London Wt, SS at 9-45 c.m. & worship at 11 a.m. Goodge street tube; Tali (01) 580 2791.

INTERNATIONAL COMMUNITY CHURCH services at Rydens School, Hersham, Surrey. Sunday School of 10:00 and Worship at 1:00 a.m. Active Youth Program et.: (0932) 866263. MOSCOW MOSCOW PROTESTANT CHAPLAINCY, UPDK Hall, UL. Ulofa Polme 5, bldg. 2. S.S. 10 a.m., Worship 11 a.m. Tel.: 143-3502.

OSLO American Lutheron Church, Fritznersot, 15 Worship & Senday School 11 a.m. Tel.: (02) 44.35.84.

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 a1 door, Metra Alina-Marceau or Invalides. PRACLIE inTERNATIONAL CHURCH OF PRAGUE-English worship 11-15, Vrozova 4, Progue 5. Sunday School, crecker weekly bible study.

STOCKHOUM MMANUEL CHURCH, Kungstensg. & Birger Jozi, Friendly Christian fellowship. English, Swedish & Korean, 11:00. Tel.: 46-8 151225 & 309803.

WARSAW INTERNATIONAL CHURCH, Prof estart English language experiates, Sunday 11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.) Sunday School 9:55 [Sept-May] UL. Miodowo 21. TeL: 43-29-70.

INTERNATIONAL PROTESTANT CHURCH English speaking, worldhip service, Sunday School & Nursery, Sundays 11:30 a.m., Schonzengasse 25. Tel.: (01) 262:5525.

Koreas Clash At the DMZ, 3 Are Killed

nians in the disputed enclave of

rity or to achieve political goals by force would represent a flagrant

principles of international law,"

"In particular, we could not ac-

cept that the recognized status of

Nagorno-Karabakh or Nakhiche-

van can be changed unilaterally or

Nagorno-Karabakh,

the statement said.

by force."

thinks, and he is right, that it will be the last move of his life, and it should be well prepared."

years in exile," she said, after being greeted with flowers and embraces by a small crowd of friends.

'Our main purpose is to come to our motherland."

restored in 1990, has repeatedly said be would not

return to Russia until all his books were published

here. Last year, he made his first foray into local

politics, with a lengthy essay arguing for the resto-ration of a Greater Russia, which would bind

Russia, Ukraine and Belarus, without the other

Mr. Solzhenitsyn, whose Soviet citizenship was

"This is what we have been living for all these

appeal to all involved in the crisis, it also held a clear warning to Arare ruled by Azerbaijan.

By James Sterngold New York Times Service

TOKYO - North and South Korean soldiers fought Friday in their first serious clash in recent years, as three North Koreans were killed after they crossed to the southern part of the Demilitarized Zone and two South Koreans were wounded, United Nations and South Korean officials said Friday n Scoul.

The surprise announcement shattered a relatively long period of improving relations at the one place in the world where the Cold War remains a threatening reality.

Details of the encounter along

the heavily armed and well-pa-trolled border were sketchy, but military officials made it clear that they regarded it as an attempt by the North Korean soldiers to infiltrate the South. An official at the UN Command

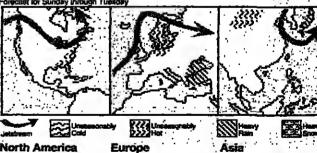
in Seoul, under whose auspices the United States and South Korean military operate, said the North Koreans were wearing South Korean-style uniforms, including rank and insignia, and were carrying U.S. and South Korean weapons Some sources also said the North Koreans were carrying surveillance equipment, including cameras and audio and video recorders. ft was a return to a pattern of

aggressive North Korean behavior that the officials said had not been seen in at least six years, long be-fore the two sides began bolding high-level talks to thaw their relations and edge closer to a reunification of the divided peninsula. A South Korean squad, compris-

ing 10 soldiers, spotted the three

North Koreans at about 11:30 A.M. in an area known as Chulwon, near the central part of the 2.5-mile-wide DMZ. A brief but fierce battle began with light weapons. Two of the North Korean soldiers were killed immediately, the officials said, and the third was tracked down and

The Weather



Sunday will be cool-and. Uneeasonable warmin will mainly dry from Kansas City and St. Louis to To-ronto and Montreal. Show ers will cut the heat from Washington, O.C., to Boston. These areas will remain cool early next week. London and ton. These areas will remain cool early next week. London and ton. These areas will rest week. California will be not away from the sea.

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RAVEL UPDATE

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inc two main med the captured in the among the 105 as divided here on all or nailler parties go see cases 3 Catholic Clerics

version of the service of the service problems facing both President George Bush and Bill Cinton in California, a state cruried to the fall campaign. Disaffection with Mr. Bush runs extremely deep in these Republicies suburbs northwest of
Lee Angeles. Voters see him as a
decent main but an ineffectual "Coased the dum Counterwood Counterprotein design (a counterprotein and Finds Exercised Wang Vision and Finds Counterprotein Wang Vision (a counterprotein president interest in Mr. Clinton, the governor of Arkansas and the probable Democratic nonline; is virtually nil among these same people.

Those pure those have believed The tolerance for the statistical light in the

In California,

By Dan Balz

near the busy Ventura Freeway.

and the hottest item these days is

Ross Perot for president.
This is the heart of Perot coun-

my white, suburben and up-wardly middle-class — and the

steady stream of people stopping to sign petitions to qualify the Texas businessman for the No-

weather ballot underscores the se-

Political Novices

Awaken for Perot

These perceptions have belowd proper Mr. Perot, who is prepar-ing for an independent candidang to an imperation calculation, to the top of opinion polls in California and elsewhere.

"I found myself listening to the news and to Bush, and I almost

got down on my knees begging that he would say something that

would make sense," said Marcia Weshington Post Service
OXNARD, California — Busi-Hayden, 41, who helps run the Perot state office in nearby Venness is booming outside the Price Club discount warehouse store tura and whose husband Bob, 38, chairs the California petition drive.

"Then Perot came along and he was like a savior," Mrs. Hayden

The California grass-roots campaign began in the Haydens' kitchen and on their answering machine three months ago. It has been propelled by a powerful out-pouring from political neophytes who district career pointians, like their politics squeaky-clean and see the untested Texan as "a fresh wind" and a man of achievement who can shake up Washington and give them back their government.

"This is the Silent Majority clearing its throat," said Frank Stark, 46, an entertainer who is part of the volunteer operation.

Even before declaring his candidacy, Mr. Perot has transformed the 1992 political land-SCADE, and nownere is that more true than in California A Los Angeles Times poll of California voters published this week showed Mr. Perot with 39 percent, Mr. Clinton with 26 percent and Mr. Bush at 25 percent.

Those results follow on the

of checks. The new checks have

two signature lines in the upper left corner, but only one of the

travelers has to be present to

sign them at the time the checks

are bought. American Express

urges that the second antho-

rized user sign them as soon as, possible thereafter. Then either

traveler can use the check, with

only one signature necessary for

cashing. The checks are avail-

able wherever American Ex-press traveler's checks are sold.

An airliner hijacking note brought a 30-year prison term for Curley L. Compton Jr., even

though he insisted it was a joke.
"Twe been railroaded," he told
the federal judge who sentenced
him in San Diego. His lawyer

said he would not be eligible for

parole for at least 251/2 years.

According to testimony, Mr.

Compton gave a note to a flight attendant in which he claimed to have a bomb, demanded \$13 million and a landing in Cuba.

The Associated Press said his

sentence resulted in part from

his long record, dating to 1949

and including charges of petty

theft, burglary and drunken

Veterinariums are complain-ing that a new film, "Beetho-ven," is politically incorrect be-

cause of the way it portrays them. The movie, which is

about a troublesome St. Ber-

nard dog, includes a veterinari-

an who schemes to steal dogs to

be used in medical research.

Such a scenario is "irresponsi-

ble in today's climate of vio-

lence against biomedical re-searchers," said Dr. Gerald L.

Johnson, president of the American Veterinary Medical Association. He said he has

written letters of complaint to

the movie's executive producer,

Ivan Reitman, and to the Mo-

tion Picture Association of

America. The co-producer of "Beethoven," Joe Medjuck, said, "I don't think anyone sug-

As part of a promotion, the Memphis Chicks of minor-

league baseball's Southern

League will give two fans an expenses-paid trip to Paris and Moscow. That's Paris, Tennes-

sec, and Moscow, Tennessee.

JAL operates 40 Highis well

Arthur Higbec

gests all vots are evil."



Ross Perot applanding as a box of petitions in support of his candidacy were delivered to the Kentucky state house in Frankfort.

support Mr. Perot received as a write-in candidate in primaries in Oregon and Washington state this week. In Oregon, exit polls indicated Mr. Perot got support in double digits in both the Re-publican and Democratic connests. In Washington, where al-most 20 percent of the ballots cast in both party primaries were write-ins and 90 percent to 95

to Mr. Perol. Not everyone is sold yet on Mr. Perot. "Tm discochanted with everybody, but I'm not going to have no allegiance to any political licans, Busb Republicans, bberal Perot. "I'm discochanted with ev-

percent are believed to have gone

vote for Ross Perot just because he's there," said John Cooley, 59, who passed up the opportunity to sign Mr. Perot's petitions. "They would eat him alive in Washington. He'd be hamburger."

But interviews with almost from domen menet voluments or petition signers produced a re-vealing portrait of the grass-roots movement that has sprung up across the country — with clear guidance and financial support from Mr. Perot's Dallas office.

structure," said Bob Hayden. "I see this as the most unifying movement in my lifetime. Most people don't identify with the party structure. They're interested in true leadership.

He and other leaders of the California person drive say they are well on the way to obtaining the 134,781 signatures needed by Aug. 7 to pnt Mr. Perot on the ballot, thanks to volunteers who span the political spectrum. The Ventura office includes Goldwacrats and Libertarians. What unites them? "I have

three kids and I don't want to leave them worse off," said Bruce Maurer, a 45-year-old fire fighter. "I think he has that air of leadership. He's not a conservative or a liberal. He just takes them one at

a time. That's what we need Demoralized by the gridlock in Washington and disconnected from the two political parties. many have never been involved in polines, but were drawn by Mr. Perot's direct appeals for belp.

Republican Pros Are Taking Aim said that a vote for Mr. Peror would be supporting "a pig in the poke and a dangerous and de-

dent's men are becoming more vocal in their worry that Ross Perot's independent candidacy Mr. Perot's refusal to spell out will spoil the re-election proshis positions on major issues has campaigns to criticize him. Mr.

After first ignoring Mr. Perot, they are now attacking him in what appears to be the start of an orcbestrated campaign to reduce the Texas businessman's popular we buying here? " he said.

appeal.

The House Republican leader, Robert H. Michel of Illinois, described Mr. Perot's rise as "frightening." He told a Republican breakfast group that Mr. Perot's message that "democracy isn't Mr. Bush. Mr. Michel said the working" has been heard often and is "sometimes sinister and

WASHINGTON - The presi-

pects of George Bush.

In Washington,

sometimes just silly." Mr. Michel assailed Mr. Perot as a "demagogue" who could bring "authoritarianism in Amer-

The minority leader's attack on the man be called "this barefout billionaire from Texas" was the most strongly writted from a sunior official of either party on Mr. Perot, who is expected to launch a self-financed independent bid for the presidency next

month. Mr. Michel was later supported by Marlin Fitzwater, the White House spokesman, who structive personality.'

made it difficult for both party

"But being afraid of the unknown may soon make people ask, 'What kind of monster are

Mr. Michel said his attack was not prompted by the White House or by officials of Mr. Bush's re-election campaign. But he said that the Perot candidacy could mean trouble for

president must "lift this campaign out of the rut it has drifted into and tell the American people what is at stake." Mr. Michel delivered his warning as some national opinion sur-

veys showed Mr. Perot leading Mr. Bush and Governor Bill Clinton of Arkansas. Mr. Michel, decried taken he

called "the simple answers, the glib reply, the just folks image. the demagogue's gift for oversimplification." "In this century we bave seen

what such mountebanks have done when they gained power,"

Brazil's News for Earth: Loss of Amazon Rain Forest Is Slowing Steadily

By James Brooke New York Times Service .

MARACA Brazil — Bright green manioc plants sprouting among cherred tree trunks and a constant hammering and sawing on house frames are signs that a new colony of homesteaders has arrived in this remote corner of the Amazon, an

area covered only a year ago by tropical rain forest.

"I worked all my life as a sharecropper, now I have my own land," Antonio Rodrigues dos Santos, 30, a migrant from the

impoverished northeast, said with satisfaction.

With balldozers standing by to resume road work when the dry season begins in June, the number of houses in the new town of Maraca is expected to jump this year from 5 to 120.

Also in June, almost 3,200 kilometers (2,000 miles) south of Maraca. 100 world leaders will meet in Rio de Janeiro for the socalled Parth Sommit. To polish its environmental image, Brazil

AMERICAN

TOPICS

Doctors Averaged....

The pretax incomes of Amer-

ican doctors rose 5.5 percent in 1990 to an average of \$164,300, the American Medical Associa-

tion reports. The increase was

less than the 6.1 percent infla-tion rate. But Charles Inlander,

president of the People's Medi-

nestent of the reopie's Medi-cal Society, which lights for lower medical costs, said, "It's another etample of another year of gonging when everyone else is hurring."

Doctors said their incomes

are justified by their long hours

and the costs of medical school

and keeping up with medical

"I leave home every morning

at 6:30, and I try to make it home for dinner by 7 — and I don't always make it," said Dr. "Tom Reardon, a general practi-tioner in Portland, Oregon, and

a trustee of the medical associa-

tion. "Some doctors work 80 to

90 hours a week, they're on call every night, and that's why they

Doctors worked an average

of 58.8 hours a week, the AMA found, up from 57.5 hours in

1984, and took five weeks' vaca-

tion. The average before-tax in-come of \$164,300 was calculat-

ed after deducting \$150,000 in expenses, the average amount doctors paid for staff, insur-

moe, reat and supplies.

Net income differed greatly by specialty. Surgeons led at \$236,400 on average, followed by radiologists (\$219,400), an-esthesiologists (\$207,400) and obstetricians and gynecologists (\$297,300). General and family practitioners.

practitioners averaged \$102,700, pediatricians

"Travelers' Cheques for Two" have been introduced by American Express, The Wash-

ington Post reports. This allows

two travel companions — hus-band and wife, parent and

child, friends or any other com-

Short Takes

earn what they do."

\$164.300 in 1990

volunteered to serve as host of the meeting, officially titled the United Nations Conference on Environment and Development. Now, Brazil is expected to point to statistics charting a steady

fall in Amazon deforestation rates.
But as the desolation in the Maraca area attests, the problem endures, fueled by commercial logging interests, a regional yearning for economie development and a land bunger among efugees from Brazil's poverty bowl, its overpopulated north-

After weathering heavy criticism over Amazon destruction in the late 1980s, Brazilians will issue statistics next month that indicate a 63-percent drop in annual deforestation rates in Brazil's Amazon since 1985.

Principles on Forests" at the Earth Summit.

Based on analysis of photographs taken by Landsat 5 satellites over the Amazon, researchers at Brazil's National Institute for Space Research calculate that the annual deforestation rate dropped from a high of about 30,000 square kilometers (11,580 square miles) in 1985 to 11,000 square kilometers in an annual period ending in August last year.

"If last year's rate remains unchanged, it would take us 330 years to finish off the Amazon," said Luiz Gylvan Meira Filho. who directs the program at the institute near São Paulo. Seen as a pioneer in deforestation documentation, the institute is training research teams for the seven other nations of the Amazon basin — Suriname, Guyana, Venezuela, Colombia, Ecuador,

Brazilian and U.S. scientists attribute the decline in forest

sharp decline in the Brazilian economy, a public information campaign coupled with fines levied against violators of forest laws, and rainfall during burning seasons.

"I have no reason to doubt the numbers," Philip M. Fearnside, a U.S. ecologist in Manaus and a frequent crine of Brazilian government policies, said. The main reason for the drop in burning is the economy."

Mr. Fearnside calculated that about 10 percent of the forest cover of Brazil's Amazon has been removed. Measuring 5 million square kilometers, Brazil's portion of the Amazon percent — stretches over a land mass equal to the United States east of the Mississippi.

But with so much of the Amazon forest area gone up in smoke

Europe and Asia Bases

Compiled by Our Staff From Dispatch WASHINGTON -- The U.S. military will reduce operations or close installations at 61 additional sites in Europe and 2 in South Korea, the Defense Department announced Friday.

The largest site affected in Europe is Peden Barracks in Wertheim, Germany, which is closing, Two other German sites, Pond. Barracks in Amberg and Robinson

Barracks in Stuttgart, are being reduced, the Pentagon said in a statement outlining its latest cutbacks. The European reductions will af-

tent camps at the naval base at Guantánamo fect about 6,000 military personnel, 800 U.S. civilians and 2,500 local nanonals. The locations in South Korea where operations will be ended or

reduced are Songso and Camp Ames. They will affect 246 military positions, 6 U.S. civilians, and 257 local nationals, the statement said.

When the United States ends its military operations at a base or small facility, control of the installation is returned to the host na-

tion. When operations are reduced, some facilities are retained.

(Reuters, AP) Following is a list of military installations involved:

BELGIUM: (Closings) Hahn, Sugyn Ammunition Storage, Sedan.

Amminion Storage, Sedan.

BRITAIN: (Closings) RAF Burtonwood, Warrington, RAF Upper Heyford, Clayhill Family Housing Annex,
Reading, RAF Caerwent, Chepstow.
Naval Communications Station,
Thurso: Aberdeen, Cairamore Hilloch,
Inverberic, Latheron and Mormond Hill
Antenna Sites, Burnside Thurso Family
Housing, Harland Road Castletown
Housing, Ormile Housing Site Scrabster

Housing, Ormlic Housing Site. Scrabster Family Housing Storage.

Housing, Ormin Housing Site, Scrapser Family Housing Storage.

GERMANY: [Closings] Buchenbüren Waste Annex, Hahn, Kastellaum and Kirchberg Family Housing Annexes I through 6, Trier, Rhaunen Family Housing Annex, Idar-Oberstein, Basdahl Communications Annex, Bremervörde, Baumholder Tactical Defense Missile Facility, Rose Training Area and Teufelsberg Communications Facility, Berdin, Griesbeim Missile Facility, Berdin, Griesbeim Missile Facility, Darmstadt, Bürren Communications Facility, Griessen Ammunition Area and Communications Facility. Herborenseelbach Communications Facility. Mt. Meissner Radio Relay Station, Eschwege.

Peden Burracks, Wertheim, Siegelsbach, Sögel, Münster, Flensberg, Dülmen, Hamminkeln, Güngburg and Keltinghausen Communications Facilities. Roth Training Area, Gelnhausen, Bleidorn Kaserne, Ansbach, and Heilbronn Training Area, both previously announced as reducing operations.

(Reductions) Aschaffenburg, Family Master, Barthal Bar

GREECE: (Closings) Agryrotrolis and Perivolaki Sites, Hellenikon Air Base, Elevsis Storage Annex

ITALY: (Closings) Codogne and

TURKEY: (Closings) Calemakli Head-quarters Complex. Ortakoy, Coriu, Erzu-rum and Izmii Remote Sites.

Encouraged by the numbers, Brazil recently reversed its position and decided to back adoption of a "Statement of burning rates to a series of factors: the suspension of tax last year, scientists warn that dangers to the forest are still incentives for ranching and logging projects in the Amazon, a strong, especially at the edges.

U.S. Will Stop Picking Up Haitian Refugees in the Caribbean

By Clifford Krauss New York Times Service

WASHINGTON — With refugee centers at Guardanamo Bay Naval Base filled to capacity, the United States has decided that the Coast Guard will on longer pick up all the Haitians flering their country in rickety boats for the United States.

The Coast Guard said that people in boats bobbing in Caribbean waters would be asked first to return to Haiti. But it acknowledged the possibility that more Haitians might sail to Florida, risking drowning and posing new problems for U.S. officials who worry that a up the refugees just off the Haitian coast the could not accept any more refugees at the processed and forcibly returned every day.

tide of refugees will overwhelm the state's United States was encouraging more and

The policy, announced Thursday, was described as part of a re-examination of the administration's procedures for Haitian refugees. It reflected a growing feeling among officials that the embargo against Haiti was accomplishing little more than the ruinarion of the country's economy. That, in turn, was motivating masses of poor people to emi-

more Haitians to fice. Our hope is that people won't put to sea

Under the new Coast Guard procedures, if

The Coast Guard announcement occurred

and risk their lives," said Richard A. Boucher, a State Department spokesman.

a ship commander decides that a boatload of refugees is in no "imminent danger" - that the vessel is strong enough and contains enough food and water for the voyage to Florida - he will not pick them up.

Bay, Cuba, because of the strain on its water, electrical and sewerage systems. Guantanamo Bay Naval Base, where the Coasi Guard has boused nearly 250 new

refugees a day in recent weeks, reached it maximum capacity after three Coast Guard cutters unloaded 1,635 Haitians picked up at midweek. More than 12,000 refugees are currently crammed into the base, including 1,100 wbo

have been denied

Press and Pentagon Set Reporting Rules

By Howard Kurtz and Barton Gellman

Washington Past Service
WASHINGTON — Military officials and major news organizations have agreed on a set of guidelines for war coverage that media executives hope will lift many of the restrictions that hampered them during the Gulf War.

After eight months of negotiations, the De-

fense Department, press associations and se-nior officials from 20 news organizations agreed that "open and independent reporting" will be the "principal means" of coverage in

News organizations were repeatedly frustrated during the Gulf War by the military's insistence that combat coverage be limited to small pools of reporters whose movements were coutrolled by the Pentagon. The nonbinding guidelines say that such pools will be disbanded "when possible" 24 to 36 hours after a military conflict begins, but can still be used for "specific events.

In a setback for the press, however, the Pentagon refused to drop its insistence on reviewing all stories from the battlefield before they are published. In the Gulf, some journalists charged that reports embarrassing to the Penta-gon were changed or delayed for reasons unre-

A Pentagon spokesman, Pete Williams, said:
The military believes it must retain the option to review news material to avoid the madvertent inclusion in news reports of information that would endanger troop safety or the success of a military mission. Any review system would be imposed only when operational security was

Mr. Williams said be was pleased at the agreement on "a set of principles that will help us both do our jobs better in the future."

Stanley Cloud, Time's Washington bureau

chief, said the agreement "requires an act of faith on our part that the Pentagon negotiated in good faith, and I assume they did. But I am not naive and I don't assume there won't be continued tugs of war between the Pentagon

and the press. This is certainly not the Ten Commandments, or even the Bill of Rights."

One key provision says that when govern-ment facilities are not available to transmit stories, journalists will be allowed to file "by any other means available." Dozens of reporters in the Gulf War complained that their reports were lost or delayed by a complicated military relay system and that they were not allowed to use their own satellite phones or fax machines to file their stories.

Those endorsing the nine principles included

'I am not naive and I don't assume there won't be continued tugs of war between the Pentagon and the press. This is certainly not the Ten Commandments, or even the Bill of Rights.'

Stanley Cloud, Washington bureau chief of Time

The Associated Press, The Washington Post, The New York Times, the Los Angeles Times, ABC, CBS, NBC, CNN, the American Society of Newspaper Editors, American Newspaper Publishers Association and the Radio and Television Directors Association.

The principles of wartime news coverage are Open and independent reporting will be the principal means of coverage of U.S. military operations.

· Pools are not to serve as the standard means of covering U.S. military operations.
Pouls may sometimes provide the only feasible means of early access to a military operation. Pouls should be as large as possible and disbanded at the earliest opportunity — within 24 to 36 bours when possible. The arrival of earlyaccess pools will not cancel the principle of independent coverage for journalists already in the area. • Even under conditions of open coverage.

pools may be appropriate for specific events, such as those at extremely remote locations or where space is limited. Journalists in a comhat zone will be given credentials by the U.S. military and will be

required to abide by a clear set of military security ground rules that protect U.S. forces and their operations. Violation of the ground rules can result in suspension of credentials and expulsion from the combat zone of the journalist involved. News organizations will make their best efforts to assign experienced journalists to combat operations and to make them familiar with U.S. military operations.

• Journalists will be provided access to all major military units. Special operations restrictions.

tions may limit access in some cases. Military public affairs officers should act as liaisons but should not interfere with the

reporting process.

• Under conditions of open coverage, field commanders should be instructed to permit journalists to ride on military vehicles and air-

craft whenever feasible. The military will be responsible for the transportation of pools.

• Consistent with its capabilities, the military will be responsible for the consistence of tary will supply public affairs officers with facilities to enable timely, secure, compatible transmission of pool material and will make these facilities available whenever possible for

filing independent coverage. In cases when government facilities are unavailable, journalists will, as always, file by any other means available. The military will not ban communications systems operated by news organizations, but electromagnetic operational security in battlefield situations may require limited restrictions on the use of such systems.

These principles will apply as well to the operations of the standing Department of De-fense National Media Pool system.

Riot Damage In L.A. Put At \$1 Billion

By Albert B. Crenshaw

Washington Post Service

WASHINGTON — Insurers expect the Los Angeles riots to cost them at least \$775 million, which would make it the fifth-worst disaster in the industry's history. Industry and public officials said the damage, including that to public facilities and uninsured property. will be well over \$1 billion.

Insurers said they expect to re-ceive 6,000 claims resulting from the disturbanees, which began April 29.

This estimate includes damage to buildings, equipment, vehicles, inventory, glass breakage, looting and husiness interruption." said Gary R. Kerney of the Property Claims Services division of the American Insurance Services Group, an industry organization.

Insurance adjusters have been evaluating losses and checking claims in Los Angeles for more than two weeks, so "we're pretty confident the \$775 million will be an all-inclusive number," said Pa-tricia Lombard of the Western Insurance Information Service.

The figure would place the riots gruaro Site. behind the burricane designated Hugo, which inflicted about \$4.2 billion in losses on the industry in 1989; the Oakland fire last year, which cost \$1.2 billion; the Loma Prieta earthquake of 1989, which cost \$960 million; and a 1983 winter storm, which cost \$883 million.

(Reductions) Aschaffenburg Family Housing, Pond Army Barracks, Amberg Robinson Barracks, Stuttgart, Lemberg Missile Station and Training Area, Salz-

NETHERLANDS: (Closing) Steen-wykerwold Communication Facility. SPAIN: (Closing) Inoges Buchelor

SOUTH KOREA: (Closings) Songso

40 filolitaanvas ja sasta FATAMORS III (\$)



Japan Airlines

THAIS: Leader Seems Set to Quit CORPS:

(Continued from page 1) parliamentary seat in elections last March.

Public demonstrations over his appointment began almost as soon as General Suchinda was named prime minister last month, with protesters demanding he resign in favor of an elected prime minister. The protests turned violent on Sunday night, when security forces charged on what had been a peaceful march through the streets of central Bangkok.

The constitutional amendments drafted by the five political parties were submitted to parliament for debate Monday. Pro-democracy groups have said tens of thousands of their supporters will turn out in front of parliament to stand vigil.

The changes in the constitution had been sought by the nation's revered king. Bhumibol Adulyadej, who intervened Wednesday to try to stop the violence, asking General democracy movement, Chamlong

Srimuang, to negotiate an end to the street clashes.

So long as the coalition parties hold to the promise made Friday, the amendments are virtually guar-anteed to pass, since the coalition controls a majority of seats in parliament. If they do not pass, prosubtracted from the allied force democracy leaders have vowed there will be more, and larger, antigovernment demonstrations across Thailand, raising the possibility of new bloodshed.

Human rights investigators and others spent the day trying to lo-cate evidence of the killings, inspecting chest-high bullet holes in tree trunks and in building walls.

There were many bullet marks in the road near the Democracy Monument, suggesting that troops had fired not into the air as a warning – as military spokesman had once said - but at the crowds.

The nation's supreme military commander. Air Chief Marshall Kaset Rojananil, has insisted that the soldiers acted with restraint, Suchinda and the leader of the pro- and that "all That people are re-

OKINAWA: A Cup of Bitter Tea

(Continued from page 1)

religion of the island, a mix of animism and ancestor worship, was influenced by China, as was its music. Okinawa developed a highly esteemed textile industry, using plantain fiber rather than cotton or

But Okinawa's economy lagged. largely as a result of policies formulated in Tokyo. In short, the world looked much different from this easygoing, seaside city than it did from Japan's main islands.

That was never more true than in 1972. In Tokyo, the reversion symbolized Japan's rehabilitation from the defeat of World War II and the beginning of a forward-looking era. But it came at a price, which Okinawa paid on Japan's behalf. Japan allowed the United States to keep its military bases here, a keystone in America's Cold War strategy in

Today, three-fourths of the American forces in Japan are on Okinawa, or more than 30,000 sol-

Corsican Separatists Blow Up Resort Villas

The Associated Press PORTO-VECCHIO, Corsica -Separatist guerrillas evacuated about 60 vacationers at gunpoint and blew up 30 villas at a resort in southern Corsica early Friday, the

About 50 gunmen entered the resort late Thursday, rounded up
the guests and took them to a house nearby before destroying the villas,

diers. The bases take up one-fifth of all the land on the main island

Okinawan officials acknowledge that the bases have brought economic benefits, since rent is paid on the land and the bases employ about 8,000 local people. At one time they dominated the economy, but now tourism is the leading in-dustry and much of the base land could be developed far more profitably for resorts or other projects.

More important, the military sites are a nettlesome reminder that, as many here put it, the islands are occupied by a foreign power, sanctioned by Tokyo.

American troops took Okinawa in the last campaign of the Pacific war. Nearly a third of the residents, or almost 150,000 people, were killed as the Japanese forces chose to retreat directly through populat-ed areas. Hundreds more were forced to commit suicide by the defeated Japanese. More than 12,000 American troops and 107,000 Japanese were killed.

After the war the Americans were, in most instances, generous with the Okinawans, Many here remember the occupation as a peri-

od of benign neglect. Mr. Ota said the Okinawans were waging a battle on two related fronts. On the one hand, he said, the bases must be removed. He ran for office two years ago on a plat-form of total withdrawal of the bases, a fact that worried some of those celebrating in Tokyo last

In addition, the Okinawans insist they will fight to retain their special identity amid a culture that demands conformity.

Deployment Set

(Continued from page 1) Treaty Organization and that German soldiers assigned to the socalled Euro-corps would not be

"The Americans often tell us we must do more for our own security." Mr. Kohl said. "This corps should be a reason to celebrate in Washington because Europeans are finally doing what they have been asked to do for a long time."

Mr. Kohl insisted that the presence of American troops in Europe was "desirable, necessary and important" to ensure peace and secunty on the Continent. U.S. forces are being trimmed by more than half to a level of 150,000

by 1995, and there are calls in Congress for greater reductions.

Alluding to budgetary pressures in the United States, Mr. Mitterrand said it was only prudent for European countries to take more

responsibility for their security. "We don't want to see American troops leave," he said, "but who knows what decisions will be taken because of the economic difficulties facing the American leader-

hip?"
The U.S. defense secretary, Dick Cheney, has given cautious approv-al to the formation of the French-German corps. But General John H. Galvin, the retiring supreme allied military commander, has warned that confusion could result unless NATO retained primacy in dealing with military crises affect-

ing Europe.

While French and German officials say the Euro-corps is being designed to act beyond NATO's theater of operations, General Galvin said it was difficult to conceive of the European corps acting in a crisis in which NATO was not pre-

pared to intervene. Britain and the Netherlands have raised objections to the possibility that the Euro-corps would icate much of the work that NATO's existing infrastructure can fulfill and end up costing too much money at a time when all allies are seeking to cut military spending. If the European allies commit a sizable number of troops to the

Euro-corps just when politicians are pruning defense budgets, NATO officials fear the effort could undermine the alliance's military structure.

The primary missions of the French-German corps will be defending allied territory, serving as an international peacekeeping force and providing bumanitarian aid. Each government must give its assent before the multinational force can be sent into action. At the outset, the corps will con-sist of the joint 4,200-man brigade

set up three years ago as a largely symbolic example of military coop-



SERBS: Muslim Slavs Rounded Up and Sent Off for 'Ethnic Purification'

(Confirmed from page 1)

em reporters were kept from wit-nessing the roundup by Serbian soldiers at a roadblock on the eastem side of the Drina.

The soldiers said that they had been told to let no outsiders cross from Serbia into Bosnia at Zvornik from 1 P.M. to 2:30 P.M., the exact period, the Zvornik Muslims said ater, when the Muslims were being loaded onto the truck.

Afterward, in their home in Zvornik, a Muslim family told of the sudden departure of Serbs from the town in the days before the evening of April 8, when Serbian militia units opened fire on the town's residential areas from across the Drina with tank cannon, mortars, and other weapons; of how Serbian militiamen swept into the town at dawn, rounded up Muslims, and killed groups of them, including at least 50 in one neighborhood near the town center; of how thousands of Muslims had to choose between trying to protect their homes without being killed or volunteering to join other Muslims being driven from the

Little of what they said could be independently verified, not even the accounts of the bulldozed mounds in a gravel pit by the Drina where hundreds of victims of the bombardment and executions were said by the Muslims to have been buried in the days after April 9. When militiamen spotted two Western reporters talking to local Serbs near the police headquarters, the reporters were escorted back across the Drina into Serbia and told not to come back.

Despite the lack of corroboration, there was much that suggested Kuwait in 1990. But so far, little has been done,

apart from the decision last week by the United States and the 12nation European Community to withdraw their ambassadors from Yugoslavia, now composed only of Serbia and Montenegro.
The status of the Bosnian Mus-

lims, who account for 44 percent of Bosnia-Herzegovina's 4.4 million people, took a turn for the worse on

The Serbian terror tactics are aimed at making a Serbian stronghold of a region where 78 percent of a population of about 450,000 people were Muslims, and only 10 percent Serbs.

that the Muslims were not exaggerating. For one thing, while the Muslims seemed deeply frightened, their stories of actions against them by Serbian militias were told with a striking absence of animosity gainst Serbs in general.

Moreover, dozens of Western relief workers and reporters ... who have visited refugee centers farther west in Bosnia, and who have spoken to Muslim refugees from towns and villages along the Drina Valley, have been told similar tales of summary executions, of homes looted and burned, of cattle trucks carrying men, women, and children Serbs.

While forced deportations have map. With arms and ammunition also been carried out by Muslim Slav and Crostian militias, adding thousands of Serbs to the refugee tide, the process appears to have been carried out more systematically, and on a wider scale, by the

Their actions, and Serbia's support for them, have been con-demned by the United States, the UN Security Council, the Europe-an Community, and with increas-ing anger by Muslim nations around the world, whose leaders, like President Turgut Ozal of Tur-key, have argued for international

ACROSS

1 Hodgepodge 5 Plods through

t5 Unit of

19 Chair voices

20 Holy Ark's

1 Principle of

23 Farewell to a tot oo the first day of school

needless

28 Sidetrack

30 In honor of

32 Calls a half

re a payoff

March 1, when Alija Izethegovic, the Bosman president, followed the lead of Croatia, Slovenia, and Macedonia in declaring Bosnia's secession from Yugoslavia.

While Serbian leaders in the republic continued to go through the motions of negotiating with other groups for the creation of an indendent Bosma composed of ethnic "cantons," Serbia, the Yugoslav Army, and Serbian militias in Bosnia began putting a plan into effect to carve up Bosnia on ethnic lines, with about two-thirds of the republic's territory to be seized for the

supplied by the army, and in many cases with the army fighting along-side them, Serbian militias seized a wide corridor of eastern Bosnia adjacent to Serbia, including towns with large Muslim populations like Bijeljina, Zvoroik, Bratunac, Vlasenica, Visegrad, Gorazde, and

To this, they planned to add a northern corridor of Bosnia that would connect Serbia to Serb-held areas of Croatia, and to Serbian strongholds in northwestern parts "She was slaughtered just be-of the republic around Bihac. In the cause she asked them not to do southern Herzegovina region, they anything to the Muslims," he said.

The Muslims in Zvornik built barricades, but their situation was strategically hopeless. Since Roman times, when the narrow gorge between what is now Serbin and Bosma was first spanned by a bridge, Zvornik has been a prime target for invading armies.

The Romans, the Turks, the Austro-Hungarian forces in World War I, and the Germans in World War II, all seized the town. The Serbs completed the job in barely 12 hours. But their objective, more than occupation, was expulsion of the town's Muslim majority.

First, there was terror. One man in his 60s described how he watched the town's veterioarian, a Muslim, being machine-gunned g with other Muslims in front of the veterinarian's wife and

hill" that overlooks the town.

military intervention of the kind fought for Muslim towns like Mos-the UN authorized after Iraq seized tar, apparently boping to create antar, apparently hoping to create another corridor connecting to southem Serbia and Montenegro.

SANCTION:

U.S. Clampdown

(Continued from page 1)

expected signing of a Strategic Acms Reduction Talks protocol or

Mr. Haker declined to say what

was maker occurred to say what additional measures might be tale. en, alone or with the Europeans.

We have some ideas we will be discussing with our affect, and there may be some that we will decide to

go forward with, whether we can

bring the Enropean Community along or not," he said.

Mr. Baker's warning of U.S. um-lateral action quarked a shift from the Bush administration's willing.

ness until now to let the Europe

take the lead in dealing with the breakup of Yngoslavia. But it also

breakup of Yngoslavia. But it also could be a ploy to get the Europeans' attention and support.

The U.S. plan for Yngoslavia, according to a copy shown to Reaters in Brussels, includes withdrawing U.S. military attaches from Belgrade, expelling Yngoslav military attaches from the United Shates and terminating all military outsides between the two sides.

Washington will also pull some of its embassy staff out of Reignade and close two consulates in Yngoslavian desertion of the standard of the standard out of Reignade and close two consulates in Yngoslavians.

and close two consulates in Yneo-

and close two consulars in Yngo-shvia, the memo says.

EC countries and the Mantel States have aheady recalled the ambassadors from Belgrade, and Washington on Wednesday stopped flights to the United States by the Yugoslav national arline,

and acceptance of Bosnia by the United Nations would accomplish. The United Nations would accomplish. The United Nations in the past week has withdrawn much of its staff from Sarajevo because of heavy fighting. The Sarajevo staff was to control the deployment of about 14,000 peacekeeping stoops in Croatia.

The U.S. representative to the United Nations, Edward I. Perkins, said that if Serbia and Monte.

negro wished to sit in the organiza-tion, "they should be required to epply for membership and bir held to the same standards in All-Other

Specifically, they must prove to the members of the UN that the so-called Federal Republic of Yugo-slavia is a peace-loving state," Mr.

Yugoslavia is represented at the United Nations by a charge d'affaires loyal to Belgrade. But many conatries have informed the UN

administration that they have not

yet reached a decision on the legal

status of the rump Yugoslav state. Slovenia and Croana declared

their independence from the Yugo-

slav federation in June, while Bos-niz-Herzegovina followed in

Fighting continued Friday in Strajevo. Super and machine gas fire echoed in the streets as Pres-

dent Alija Izetbogovic, a Muslim

the high recipions a mission, began talks with commanders of the Serb-led army.

The main question is whether the army is ready to leave its barracks in Sarajevo," said Hajrudin Somus, a presidential adviser. "If not, what is it up to?"

The Beigrado-based Tanjug news agency, said Friday that the Serb-

evacuate its four barracks in Sara-

jevo. The withdrawal was to begin

on Saturday and be completed by Sunday evening. Tanjug's corre-

condent in Sarajevo reported. The army, which has backed Ser-

bian forces fighting Bosnian inde-pendence, says it is being prevented from leaving its barracks by a Mis-

lim and Croatian military block-

Mr. Soman said the government feared the delay was intended to

allow Serbian gummen time to reach the barracks and take them

over along with arsenals of beavy

It was unclear what rec

in Croatia

applicants."

Perkins said.

March:

The notion of harmony on the Drina has deep roots in the psyche of Yugoslavia, whose most cele-brated 20th-century writer, Ivo An-drie, wrote a novel, "Bridge on the Drina," that helped him win the Nobel Prize for Internature in 1961.

The book is centered on Visegrad, and the 16th-century stone bridge across the river is a metaphor for the interwoven cultures, Serbian, Croatian, Turkish, Orthodox Christian, Roman Catholic, and Muslim, that have made the the town. In the Serbian offensive, Visegrad was one of the first towns to be seized, and its Muslims, like Zvornik's, are now mostly in refu-

The man said that he had counted at least 50 bodies of Muslims in the gardens of homes back from Zvornik's main street, where fourstory homes with steep roofs crowd against the towering escarpment of Vizitolomac, the "neck-breaking

The man said that one of the dead was a 17-year-old Serbian girl whose throat had been cut.

(Reuters, AP) Musical Association Game By Bernice Gordon



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C New York Times, edited by Eugene Maleska.

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M Game By Bernice Gorden

American tourist revival are starting to appear second. Europe.

But anicolous evidence indicates that while Americans are coming back, they are holding

most tightly onto their wallets.

Halike the Hamboyant 1980s, before the Golf War and the subsequent recession, no-body now is flaunting wealth, according to sources in the carriage trade. -But luxury hotels and restaurants in Paris,

Reme and London say their older American thems are reappearing after a long spell of absence and slack business. Jean-Claude Vrinat of the Taillevent res-tainant in Paris said he was receiving 10 or 15 reservations daily by facsimile from the Unit-

ed States - from new clients as well as Register thad as much demand for the last three years," he said.

Geoffrey Breeze, vice president of Hilton Infernational Co., said the hotel business in Emope is reviving largely because American corpositions "despite, or perhaps because of, the domestic recession, are re-establishing existing or developing new in terests abroad."

to see a similar resurgence in the leisure

Yanks Are Coming, but Tight-Fisted

PARIS - Like crocuses peeking out of the ground after a long hard winter, signs of an Clare Sheppard, of the luxury goods retailer Asprey Pic IN London, said demand by American buyers was picking np, "although I wouldn't call it hell-for-leather."

> She said Americans coming into the store have money, but they don't like to be seen spending it

> "It's going to be a long time before people get indulgent again," she said.

An American couple, she said, was admiring an expensive antique table in Asprey's recently. They could afford it, but wondered whether they should huy. "We can't," said the women, "What would our friends say?" George L. Hern of the French government tourist office in New York said inquiries about vacations in France have increased in recent weeks - a sign, he says, of returning

end of the vacation market A spokesman for the Ritz Hotel in Paris said "familiar" American clients were reappearing in greater numbers. But he said there was a long way to go before Americans occu-py 70 percent of the hotel's rooms, as they frequently did in the 1980s.

confidence in what is by definition the top

Gordon Bruce, a spokesman for the rare

But he said it was somewhat more difficult automobiles auctioneer Brook's of London, see a similar resurgence in the leisure said there had been "considerable interest" from across the Atlantic in the company's

next big sale in Monaco next week. The buyers are out there," he said. "but they are more discreet, more cautious. Nevertheless, the mood is definitely more optimis-

Both Sotheby's and Christies' auction houses say American buyers are coming back to the market after sitting on their hands since the Gulf War. American private buyers predominated at Sothebys's sale of impressionist and modern paintings in New York earlier this month. It was, says the auction house, "the strongest sale since the fall of

Both auction houses say it is too early to say whether the trend in New York will carry over to their summer sales in London, But spokesmen said results in New York were an indication of returning confidence.

There appeared to be virtually no interest Europe's depressed market for luxury real estate, even though prices have dropped by up to 30 percent. There are no American big spenders in this market," said Donelle Hig-bee of Sotheby's in Paris. "I can tell you that for sure. They are very well advised by their bankers and lawyers, and they are not going



A Roman carriage driver grabbing a quick snooze in the springtime sun as he waited for tourists to come after lunch.

LUXURY: Big Spenders Alive Again, European Designers Find

customers. The fear has been that the current recession is caused not just by a shortage of

recession is caused not just by a shortage of money but by lack of will—a change of heart toward consumerism in the 1990s. The sight of people out speading thring a sunsy Paris week thus gives a psychological boost to a nervois librate!

A concerning one day this week on the Avenue Montaigne, Change had 11 Asian castomers, three apparently making substantial purchases, and five Americans. Marie-Louise de Clermont Tonnerte, speaking for Changel, and that in fact the shops in Paris Chanel, said that in fact the shops in Paris and the rest of Europe were now selling primarily to a local, rather than overseas, clientele, and that it had noted that the Japanese costomers were now spending less, probably because of changing cultural attitudes and a desire to spend money on leisure rather

than consumer goods. Most homy companies cite London as the Enropean city where the recession has been a really hurting. Harrods, the Knightsbridge store, has now seen a "considerable surge" in business after the British election in mid-April, and it reports that business over Easter was 50 percent up on 1991. Michael Cole, director of public affairs for House of Fraser Heldings, which includes Harrods, said that Harrods "Room of Luxury" was currently

Hermes and Cartier up 20 to 30 percent in billion francs. Profits on perfume, which were

turnover over last year. 'It is not true that designer labels don't count any more just because it is the caring 90s," Mr. Cole said, citing a Gianni Versace man's T-shirt at £75 that was a sellout. "If a

luxury brand has been well-developed, customers will pay for it."

The billion-dollar luxury industry depends not on bright spots in flagship stores, but in healthy sales across the board and around the

Mr. Vindry assesses the international simation for Dior this way: "In the United States there is not a real reprise, but there is no further deserioration. We are overall 7 percent up, thanks to a 35-to-40 percent increase pan is flat, with a 0.8 percent increase in the first quarter, but others in the Pacific region like Taiwan and Philippines are fine; Singapore is more difficult. And Europe is not so

bad, spart from England. Dior's net attributable profit rose 12.3 percent to 902 million francs in 1991, and its figures were echoed throughout the luxury

empire to which Dior belongs.
Financiere Agache, the holding company which controls Dior, LVMH (Moet Hennessy-Louis Vuitten), Celine and Christian Lacroix, posted a 9.8 percent increase to 23.3 billion francs (\$4.2 billion). At LVMH the doing strong business with names such as rise in net profit was 10.7 percent to 3.7

expected to have slumped drastically because of the virtual stop on duty-free sales during the Gulf War, in fact rose 37.7 percent to 636 million francs. According to chairman Bernard Arnault, this was primarily because of the introduction of two new top-selling fragrances: Dior's Dune and Givenchy's Amar-

Yet 1992 might turn out to be slower than 1991, as though the brakes applied during the Gulf War have only now brought the gravy train to a halt. LVMH announced last week a very sluggish first quarter with revenue up only 1.8 percent, although Mr. Vindry said that this is due to the champagne business

If the luxury industry is no longer on a roll, there are patchy signs of recovery. Mouclier, acknowledging a slowdown of sales in Japan over the last six months and the problems in the United States, suggest that Europe may be the healthiest market in 1992 in spite of a downtum in Germany.

"I am cautiously optimistic," he said. "But I don't really expect an upswing before 18 months or two years."

Bringing down the clitist prices of designer goods may be the real spur to recovery. Mr. Vindry concedes that Dior has lowered its boutique prices by around 25 percent to in-

PLO Backers Deal Fundamentalists A Blow in a West Bank Test of Power

NABLUS, Israeli-Occupied West Bank — Backers of the Palestine Liberation Organization de-feated Islamic fundamentalists Fri-

day in an election here. tionalists linked to the PLO won 9 of the 12 positions on the board of the Nablus Chamber of Commerce in a vote that was considered a test of strength for Palestinian political groups. Islamic List candidates won the remaining three seats.

"This is a victory for the nation-simplific, which the PLO backs, and for the line that supports the peace process," said Basel Kanaan, one of the nine winners.

Israel has not allowed municipal elections in the occupied West Bank or the Gaza Strip since 1976. Chamber of commerce votes and

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Since last year, when Israel allowed Palestinians to stage chamber of commerce elections in the occupied territories, votes have been held in three West Bank cities and one in the Gaza Strip.

The nationalist victory in Nabhus, the West Bank's largest city after Arab East Jerusalem, was a setback for Islamic fundamentalists after two victories against PLO

More than 1,700 businessmen of ,275 eligible cast ballots in the Nablus election, which was held on Thursday with counting through the night. The highest-placed Islamic candidate came seventh.

Nationalists and fundamentalists, although insisting that the poll was focused on business, acknowlIn Austria Voting

VIENNA—Austrians go to the polls on Sunday in the second and final round of what looks like an

Race Seen as Close

edged that they had sought support for their political views. Nationalists, who back the curopen, two-man challenge to succeed Kurt Waldheim as president. rent Israeli-Arah peace talks, have Some analysts believe a consersaid they want to use the chamber vative, Thomas Klestil of the Peoof commerce to help build the Pal-estinian economy. Islamic candiples' Party, has gained an edge over Rudolf Streicher of the Social dates, who oppose the U.S.-hro-Democrats, since Mr. Streicher led kered talks, say they want to Mr. Klestil by 3.4 percentage prevent acceptance of Israeli propoints in the first round of ballotposals for limited self-rule in the

ing, on April 26. But Mr. Klestil, 59, a diplomat called it "a totally open race." Campaigning since the first round has been lackluster.

In another development Friday, an attacker stabbed and wounded a There is bittle political difference evident between Mr. Klestil and dent near Jerusalem's Old City on Mr. Streicher, 52, a former minister of state industry.

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other such polls are thus the main **ESCORTS & GUIDES** INTERNATIONAL CLASSIFIED **ESCORTS & GUIDES** PRANKFURT PRINCES ESCOT SERVICE THE 069 / 666 25 64. PRINCE TIME ESCORT SERVICE (Continued From Back Page) BELLE EPOCH In Mariation Covs/Evering 217-279-8522 USA PARAMOTE Private Scart Service OST 250 9978 MUNICH * WELCO ME ESCORT & GUIDE AGENCY. PLEASE CALL OSF • 91 23 14. CONDON PARE-COITE D'AZUR O ESCORTS & GUIDES ESCORTS & GUIDES **ESCORTS & GUIDES** VIP. ESCORT-GUIDE SERVICE TEL: (03) 3582-7123 LONDON 077 937 8052 Credit Cards Welcom LONDON BLEGANOP ESCORT & TRAVEL SERVICE TEL: 071 289 2835 908.60.30.70 mobile phon Medial - Barcelorg - Sevillo WITH BRUSSES Private Esc French Escort Agency, until midnight, a day, 17, London (27) 386 (2)4. Service, Cleo & Alexa, cosy comoge Coll Artwerp 03-653 17 68. MERCEDES VILL ESCORT AGENCY VALUE SCORT AGEN VP-ESCOTT-SERVICE & TRAVEL *OPEN 7 DAYS, Tel 022/349 56 82* ULTIMATE '10' 212-888-1666 NEW YORK ISCORT SERVICE GENEVA & PARIS CONNECTION* *1st Clean In 11 Enducine Excent Service*. Geneva: 1022 / 321 99 61. VENNA - BLDAPEST - BERLIN ** "BLROCONTACT - BCOXT SENICE. Credit cards. Vienno 0222/616 01 02 INTERNATIONAL GUDE AGENCY TE 358-815-90 FORTO SOLD ESCORT - SOPHISTICATED Lody Exact Service - From 2 pm Tel: 071 233 9939 COMMIT LAPANESE CHORESE THAT F. Score Service. Doys and evenings. Please phone 071 225 3314 London. FILANK FULT - "TOP TEN" EXCET SERVICE TR: 089 - 55 82 24 EXECUTIVE CLASS, DALY FROM 2pm. TORYO *** TOP RECORT SERVICE Notice order cords compand. Tel: (03) 3435-4578. MADRID CHRISTIE SPAIN Gaude Service. Tel: 341-5715362. Mobile: 908-710351 or 341-8710361.

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occupied territories. They want an

Islamie state covering Israel and

15-year-old Jewish seminary stu-

Friday, the police and hospital sources said. A hospital official

said the wounded youth, Joseph

Groman, had a moderate back

wound and was receiving blood

the occupied territories.

For investment information

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Weizsäcker Too Hot for French Melting Pot Fear of Arab Immigrants Persists Down the Generations

Washington Post Service **Wealth Tax** MARSEILLE - At sunset, the muezzin's mournful wail echoes through the cobblestone streets. An Islamic bookstore tolls down its Suggestion shutters as men unfurl straw mats in the street, remove their shoes

been transformed into a fortress.

The few shops and cafés that cater

to the neighborhood harricade

their windows to thwart hurglars

blending successive generations of

exiles and immigrants as varied as

Armenians, Vietnamese, Gypsies and Jews. But ethnie assimilation

80,000 North Africans, who form

The French government, fearful

that the country's 4 million Arabs

and their offspring could serve as a "fifth column" of Islamic funda-

mentalism, has been torn over

whether to encourage integration

of Muslim culture or suppress its influence in a modern Western so-

The Marseille mayor, Robert Vi-

gouroux, has opened up city

laughterhouses during Muslim

holy days so that the celebratory sheep can be killed in hygienic con-

ditions. He also pays a well-publi-cized visit to a Muslim family each

year to join in a ceremonial feast

marking the end of the Ramadan

of racism in a city where the anti-

immigrant National Front gar-

nered more than a quarter of the vote in regional elections two

months ago. They have been care-

ful not to appear too indulgent.

Plans to erect mosques have been

blocked, Muslim mothers who had

their daughters ritually circumcised

have been prosecuted and the po-

lice have shut a Muslim radio sta-

While the rest of France worries

about how to integrate them, the immigrants and their children com-

But the authorities are mindful

and vandals.

ing djellahas cover their faces as BONN-President Richard von they scurry through the arches of a Weizsäcker of Germany was critimakeshift mosque. cized Friday by members of Chan-cellor Helmut Kohl's Christian this city's northern quarter, where Democrats for proposing a wealth tens of thousands of North Afritax to help finance reunification. cans and their French-born off-

Chided for

The Christian Social Union, the conservative Bayarian sister party of the Christian Democrats, was particularly harsh in its reaction. "Day-to-day politics are primarily the job of the government and not of the president," the Bavarian interior minister, Edmund Stoiber,

said in Bonn. Mr. von Weizsäcker, saying Germans had to share the hurden, called Wednesday for an extra levy on income from shares, bonds, sayings and insurance policies. In an interview with ZDF television, he said higher taxes and government

deficits alone could not finance the investment in Eastern Germany. The comments of the president who is normally above party poli-tics, were seen as another blow to the authority of Mr. Kohl's government. It has already been embarrassed by internal squabbling since the resignation of Foreign Minister Hans-Dietrieh Genseher last

month. A Christian Democratie member of parliament, Heinrich Lummer, acrused Mr. von Weizsäcker of siding with the opposition Social Democrats and said the president would discredit his office by inter-

fering in party politics.

The Social Democrats praised the president's suggestion as an appeal to the rich to share with the poor. They said the idea should be the basis of a roundtable with the government next week on debt and

■ Brandt Recovering

Former Chancellor Willy Brandt was doing well Friday after undergoing an operaton to remove tumors from his colon, a hospital spokesman said in Cologne, according to a Reuters report.

Wolfgang Mathias of the Co-logne University Clinic said the operation had been successful. "The patient is doing well given the circumstances," he said.

Brandt, 78, who left the same clinic eight days ago after a routine checkup, underwent a similar operation in October.

Mr. Mathias said laboratory results of tests on the tumors would be ready next week. Under normal circumstances Mr. Brandt would be able to leave the clinic in a week,

plain about wrenching family strains caused by the polarization of generations that are trying to reconcile their clashing backgrounds in culture, religion and education. and kneel to pray. Women in flow-

"My parents and I have had completely different lives," said Rabiha Bendjali, 32, a French-born schoolteacher. "They are very reli-In the public housing projects of

prejudice that many spring live in what are disparaging-ly called "rabbit cages," the scene is Arabs born in more secular but just as alien to the France meet is self-image of this prosperous, largely Roman Catholic nation. brewing hostility Bands of jobless youths, looking sullen and defiant, loiter near high-rise dormitories that are pocktoward a society that still sees marked with broken windows. A them as foreigners. library, looted time and again, has

The racial

grous, but I'm not. They feet at-tached to the land where they were born, but I only have lived in For more than 2,000 years, this France. They cannot read or write, hustling Mediterranean port city has thrived as a rich cultural stew, but my sisters and I have university educations."

The first wave of Arah postwar immigrants, born mostly in Algeria and Tunisia, came to help with the harvests or do construction work. has never proved more difficult Later, during the economic boom than with Marseille's more than of the 1960s, many more came to work as dishwashers, dockhands 10 percent of the city's population. and street sweepers and in other and their French-born children.

AMSTERDAM

HAESJE CLAES

scorned by the native French. As their numbers have grown over the years. North Africans have quietly taken over streets near the heart of Marseille, which have

come to resemble parts of Algiers or Tunis. There, elderly Arab men gather to sip coffee, exchange gos-

sip, ear couscous and engage in five daily prayers. As more North Africans have poured into Marseille - fleeing economic deprivation in their homelands for the affluence of Europe — the vast majority have been shunted into public housing pro-jects at the edge of the city. Their numbers began to soar when the French government, fearing the so-cial dangers of a large concentra-

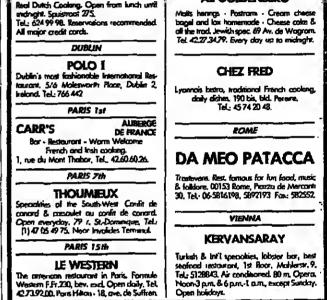
the workers to bring their immediate families into France. Many of the older migrants were illiterate and fervently religious. But their offspring — especially young women — who have had some French schooling have generally spurned Islam and show no political inclination toward Arab radicalism.

tion of single Arab men, allowed

The racial prejudice that many Arabs born in France say they constantly meet is brewing fierce hostility toward a society that still sees them as foreigners. With the unemployment rate reaching 25 percent in some North African ghettos, an expanding number of discouraged vouths are turning to crime or drugs. - WILLIAM DROZDIAK

PARIS 17th

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Herald Tribune.

Herald Eribune.

A Nuclear Obligation

The urgent and delicate task of dispos-ing of the nuclear arms of the three nations other than Russia that inherited the Soviet strategic arsenal is notably closer to comoletion as a result of the Washington trip of Nursultan Nazarhayev, president of Kazakhstan, His huge Central Asian country found itself in possession, though not in actual command, of more than 1,000 missile warheads and 370 aircraft bomhs. This raised the specter that he would hang on to these weapons for political bargaining and to so doing spoil arms control and quicken proliferation. But from Russia. China and now the United States, he has gained the security and other assurances that let him move toward the

right position in this crucial policy area. Kazakhstan, along with Ukraine and Belarus, now pledges to accept its share of the disarmament obligations of the START treaty. That means turning back strategic weapons to be dismantled by Russia: battlefield weapons have already been returned. Kazakhstan is also assuming the no-proliferation obligations of the Nuclear Nonproliferation Treaty. In return, it is to slip under the protective umbrella the nuclear powers promise to raise over non-nuclear treaty signers. It is also moving to

other states of the former Soviet Union, to remove possible bones of contention between it and nuclear China and to move into a broad pattern of cooperative relations with Washington and the West.

The American government has rightly given high priority to updating START and keeping that treaty and the nonproliferation treaty on track. But in the course of seeing to the world's first instances of denuclearization, in Kazakhstan, Ukraine and Belarus, the United States has come under their strong insistence to meet its own nooproliferation treaty commitments - hy halting nucleur testing.

In Washington, President Nazarbayev underlined the point; he speaks knowingly and strongly of the immense public health and environmental costs that Soviet testing inflicted on Kazakhstan. A testing moratorium is in effect throughout the old Soviet Union: the same is true in France. The nonproliferation treaty was always meant to involve a match of obligations: abstinence by nuclear have nots, progressive limiting of arms and options by haves. Fortunately, warming world circumstances make it safe and plausihle for Americans to do their part.

- THE WASHINGTON POST.

Quayle's Unreal World

First, let's get past the silliness. For all the mirth he has provoked among TV come-dians. Vice President Dan Quayle did not blame the Los Angeles riots on Murphy Brown, the situation-comedy character. He only used ber fictional out-of-wedlock baby to illustrate a much larger, grimmer accusa-tion, one that cannot simply be laughed off.

What so much troubles America today, he said in San Francisco on Tuesday, arises predominantly from "a poverty of values" in America's inner cities, where "young men father children whom they have no intention of caring for, hy women whose welfare checks support them. Teenage girls, mired in the same hopelessness, lack sufficient motive to say no to this trap."

That is Dan Quayle's view of the world and it tracks, in oicer language. Ronald Reagan's infamous denunciation of black mothers as "welfare queens." It reflects the chill, abstract view of conservatives sure the true enemy is not poverty but poor people. That is what makes Mr. Quayle's pronouncements so alarming. Remote from reality, the vice president seems seriously to helieve that what poor people most need is moral fiber.

Make them work for their welfare, he says. Stop subsidizing broken families, That will shock them into line. Yes sir, just the way you can keep young people from havsex, and never mind the condoms.

What the vice president keeps failing to grasp is that the admirable values he asserts refer to a highly idealized world. America hy Norman Rockwell. That leaves him grimly insensitive to the real world, as

newly laid bare by the Los Angeles riot. It is a world in which poor people starved for police protection are left to fear, instead, police hrutality ... in which poor young men who need work and a future are left to join gangs ... in which poor young mothers get little belp in securing paternal support and ever less public assistance money. And in which their numbers, white and black, keep growing alarmingly.

That is the besetting problem, but the vice president does nothing to allay it with his news flashes that things would be better if children had two parents, and if poor parents would only embrace finer values. It is not Murphy Brown's fictitious world that is the problem here: it is Dan Quayle's,

The best reluttal came on May 8, from another national figure who was also visit-ing in California. He said:

Think of the way that the world looks right now to the single mother on welfare. Government provides you just enough cash for the bare necessities. Government tells you where you can live, where your kids go to school ... And if you find a joh, the government cuts the welfare benefits. And you save, if you manage to put a little money away, maybe toward a home or to help your kid to get through college, the government, says, hey, welfare fraud.

Every one of those things happens with the system that we have in place right oow. And then we wonder why can't folks on welfare take control of their lives? Where's

their sense of responsibility?" The speaker, sensitive to the real world, was President George Bush.

- THE NEW YORK TIMES.

Speaking of Values ...

Most of the discussion about "a poverty of sentences, the courts have imposed more values" - as Vice President Dan Quayle put than \$15 million in fines and ordered restiit the other day — has focused on the inner city, where the breakdown of family structure, personal responsibility and the social order is supposed to be most acute. But if the growing public debate about moral values and destructive attitudes and behavior is to have real meaning, it should be inclusive, so that the disconnection from the rules so evident in other areas of society can come in for due examination and judgment as well. What better place to start than with the Justice Department's new report on the state of personal irresponsibility and lawlessness

in the savings and loan industry? The more than \$8.2 hillion lost hy S&Ls from October 1988 to this April was not due to sloppy bookkeeping but to pure and simple fraud and thievery, according to the Justice Department. It cited 1,138 defendants who were charged with crimes related to those losses. A stunning 93 percent were actually convicted, Some 514 of them drew prison sentences, totaling 1,657 years, while another 183 are awaiting sentence. For many of the convicted, as well as the 153 who received convictions with suspended

tution of more than \$400 million.

These schemers most likely are not related to the single mothers or gang members of the ghetto. They can more likely be found in the ranks of the middle-aged and the middle class, where many critics of inner-city life arrogantly believe traditional values exclusively repose. Yet the toll brought on by the indulgence and self-gratification of S&L officials is as costly to the whole of society as the welfare ethos.

And what were some of the S&L leadership doing in this period? Board chairmen, CEOs and presidents were being indicted hy the dozens; 95 of them drew convictions. And S&L directors received even more in-

dictments, 186 to be exact.

The report teaches that ethical solidity and strong, well-defined values are not the special property of any income or social class, and that integrity, personal responsi-bility and respect for honest hard work can be mocked by the well-off as well as by the disadvantaged. It ought to be fashionable to talk about this as well.

- THE WASHINGTON POST.

Roads but No Freedom

eye in Malawi, a sliver of a country 300 one-party tyranny. Their cause was taken miles (480 kilometers) long, tucked deep in south-central Africa. Bat a decision last week by Malawi's Western donors makes a letter condemning abuse of buman rights large and useful point. They, along with the World Bank, have suspended aid until Malawi demonstrates respect for buman rights. With the Cold War over, there is no reason to indulge anti-Communist autocracies in the Third World.

Since independence in 1964, Malawi, formerly Nyasaland, has known a single ruler: President-for-Life Hastings Kamuzu Banda, known lo his people as Ngwazi, meaning lion or protector. Under Mr. Banda, nine million Malawians have gained a good highway system and the illusion of stability. But the price has been total subservience to the Newazi, now in his 90s, and to his overbearing ministers, who warn that dissenters will become "food for crocodiles." Nevertheless, younger Malawians now

Not much happens to catch the world's clamor for greater freedom and an end to up by Roman Catholic bishops, speaking for a third of the population, in a pastoral and a barsb economic system.

The Ngwazi's minions responded by expelling churchmen and making possession of the pastoral letter a criminal offense. When an exiled trade unionist, Chakufwa Chihana, returned in April to join the campaign for democracy, be was instantly arrested. Inevitably, protest moved to the streets. At least 20 Malawians were killed in recent riots. Nobody can say for sure, in a country derided as "the Albania of Africa," whether President Banda is aware of the killings. But the aid cutoff sends an unmistakable message that his cronies cannot ignore. The plight of Malawi's ill-used people may be eased by the glare of publicity.

-- THE NEW YORK TIMES.

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Force Against Serbia? If It Comes to That

WASHINGTON — The new idea in Washington is to use force against Serbia to check its expansionism in the former Yugoslavia. The notion is moving up in public discussion though not yet in official opinion. It is an idea whose time may be coming, though whether this can happen soon enough to help the lengthening list of Serbia's victims is a cliff-hanger.

Everyone is shocked that Europe dithers while Slobodan Milosevic, the Serbian Saddam Hussein, rolls on. The common conclusion is that Europe is immature, unable to act even when aggression and tragedy unfold not on its doorstep but inside its house.

But while that confirms a certain old American judgment of Europe, it thrusts on Americans a question they are only beginning to address. Should the United States assert some of the same sort of leadership it showed in the Gulf and, with Europe or the United Nations, devise a military rescue or at least add a military string to the international bow?

The typical lesson Americans learn from foreign policy disasters is not to repeat them, and in this instance the analogy commonly invoked is Victnam. Intervention in Yugoslavia, an un-named senior official said the other day, would be "an awful quagmire." Certainly it is necessary to ask whether the mission of sorting out ethnic conflict is not the core definition of the term.

But the form of intervention that makes the most sense — militarily minimal, high-tech, lowcasualty, internationally approved and wrapped in a peace plan — is the reverse of quagnire. A By Stephen S. Rosenfeld

NATO or a United Nations air shield protecting civilians who are under Serbian air assault, combined with a diplomatic initiative to protect the rights of minorities living outside their homelands: That kind of package is in order.

is it within political reach? Even those who are most appalled by the spectacle of international inaction in the face of death and displacement accept that the American public is ill-prepared and that American politicians raise the possibility only at some peril. Yugoslavia has overrun the American consensus on intervention. That consensus confines interventions to circumstances where the outcome, assuming it seems achievable, is important to the United States. While some may argue over whether a given set of circumstances meets the national-interest test, no one doubts the validity of the test.

Few Americans claim that the outcome in the former Yugoslavia is important enough to the national interest to justify risking American lives. There is no Soviet Union, no strategic prize, no oil and so on. Instead, the argument is simply that what is happening there is terrible and could have destabilizing spillover effects. All of that is true, but it sounds mushy. It is not easy, nor should it be, to abandon the hard-won nationalinterest test for military interventions.

There is, moreover, a lurking and probably warranted public suspicion that the American/in-

other situations are going to arise in which a local leader raises an ethnic flag to justify using force across an international border or otherwise wreaks misery upon his people. Hence the desire to be careful about setting out in a military wagon on the long and bumpy road of compas-

sion for suffering people.

I am ready, on compassionate grounds, for a Yugoslav intervention. No one could claim, however, that Europeans and Americans have exhansted all the other ways to tackle Serbian aggression. Catting diplomatic relations, even beyond the selective trims amounced Friday, toughering the bite of the embargo, protecting the agencies distributing humanitarian refiel in the stricken lands: These and other measures remain to be taken even as the question of military intervention sharpens.

tern. With the Cold War fading into memory

The United States supports UN peacekeeping issions in situations where a cease-fire is in place. But it holds back from sanctioning creation of a standing UN intervention force, which — a different breed — would be available to work under Security Council direction in places where hostilities were still on.

The rationale for hesitation is to maintain American freedom of action. But the result is to deprive the UN of a potentially valuable tool that could be used precisely in the current swampy circumstances when friends have not got their act together and the United States is sitting back in unease. The Washington Post.

A Scream of Agony Falls on Deaf European Ears

MADRID — Every day now, the new Europe shows it can be strong, united and independent of the United States - but only until a real crisis comes along that

it has to handle itself. Then Europe becomes a vivid lesson for Americans in the value and

strengths of their own country and its special system of government. Thousands of Europeans are being slaughtered by other Europeans. European cities are being smashed. European separatists and terrorists

all over the Continent watch to see what may be in it for them one day. The disaster of Yugoslavia, once a nation, now a scream of agony. should have been enough to persuade the leaders of the new Europe

to put up or shut up. They do neither.
They do not have the courage to face the risks of forcing a decent settlement — or even just stopping the bloodletting. But they remain magnificent when it comes to making statements of huff and puff. They look around for U.S. help without enough pobtical guts to admit it.

Even a little time spent in Europe listening to the evasions of European leaders should be a great lesson for Americans, it should make them see more clearly the virtnes of their own system, so often and so contemptuously dismissed by Europeans and even by themselves.

Western Europe has plenty of troops, planes and ships for the blockades and interdictions that could have smothered the war and forced real peace talks on the combatants. Why were they not used by the new Europe in this year that was supposed to be the beginning of the new era of united European power?

Spain's prime minister, Felipe Gonzalez, one of Europe's more straightforward and imaginative leaders, the story that the mechanisms, the structures, do not exist for collective acBy A. M. Rosenthal

tion about Yugoslavia? If Europe has one thing in good supply it is structures and mechanisms.

The reason is that this time Europe does not have the United States to count on. It has soldiers and guns but it does not have the political and organizing power that the American presidency, balanced and strengthened by congressional backing and public support, can bring to meeting a crisis like Yugoslavia. Yes, the Bush administration was

part of the West's disastrous buildup of Saddam Hussein and wound up leaving him in power. But when the United States decided to stop Saddam after Kuwait, President George Bush had both the courage to act and the system that be needed.

That combination -the determination of a leader and a balanced, unified constitutional system was able to create the coalition and open the rusty umbrella of the

Neither is present now in Europe. Politically a united Europe is one more fictional creature that walks without clothes. Among other recent creations were perestroika to save the Soviet Union, the Bush "new world order" and the idea that the United Nations has become some kind of separate entity that can act without the initiative and

permission of the major powers.
Yugoslavia showed that Europe is still a collection of states that have separate political needs and fears and will not march politically to the same drum for decades --probably never.

Economically, where the price of unified action is money, not blood, a united Europe may work. But before we place any bets, let us want mutil the first great European economic

crisis, like heavy unemployment caused by heavy inigration.

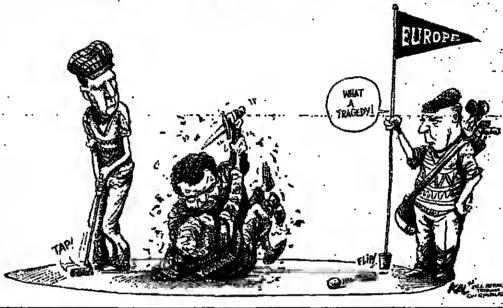
The Bush administration has cor-

rectly decided that the civil war in Yugoslavia is one crisis that Europe ought to be able to handle on its own.
One day Americans may not be able to stomach any longer what European leaders keep swallowing.

the death of thousands of Europeans and the destruction of a part of European civilization. Then, with American help at hand, Europeans will suddenly discover those "mech-

amisms" for action that they have misplaced. But in the meantime Americans can learn a lesson: The European concept of unity will never be an equal or a substitute for the strength and flexibility of the American constitutional system not for the United States, not for the

world and not for those abandoned Europeans living in the pool of blood that was once Yugoslavia. The New York Times.



Transcaucasia: Dancing on a Needle in Heavy Winds

N EW YORK — As Armenian ir-regulars bear down on Nakhi-chevan (an Azerbaijani enclave in Armenia) and gain control of Nagomo-Karabakh (an Armenian enclave in Azerbaijan), and as Turkey debates intervening to protect its Turkic and Muslim brethren, Bush administration

policy dances on the point of a needle. U.S. political imperatives --- influential Armenians, mainly in the pivotal state of California — strongly favor Armenia. Policy considerations plans to develop Ankara as a strategic

counterweight to Iran and Russia in Central Asia — tug toward Turkey.

Margaret Tutwiler, the State Department spokeswoman, danced to these two tunes earlier this week in

Defense Department appropriation.

unavailable until the following October.

to meeting challenging domestic needs.

By Leslie H. Gelb discussing events in Transcaucasia. She began by announcing that the United States "will not accept unilat-eral changes in the status of Nagorno-Karabakh, Nakhichevan, or any other territory [by] military actions or vio-lence." Then came these exchanges:

Q: The status is that Nagorno-Karabakh is part of Azerbaijan. The Azeris are presumably not trying to change that status. Is is right by the process of elimination to assume it must be the Armenians? Tutwiler: There are ... a num-

her of views of this situation ... Our point today ... is [the ris-

Get Right With the UN

WASHINGTON —The United Nations is no longer a marginal factor

W in world affairs, as demonstrated recently in the Gulf, Afghanistan, Central America and Cambodia. The time has come to align U.S. policy

with this new reality and to face fully the financial obligations of member-ship. The members of the organization currently are behind more than \$1 billion in paying assessments. And half of the arrearages are due from

The Bush administration bas reversed the position of its predecessor and

agreed to pay its debt over five years. But given the constantly expanding

challenges confronting the United Nations, this is not enough.

These, I believe, should be the key elements of U.S. policy: Congress

should appropriate the full \$750 million the administration requested as its

contribution to funding peacekeeping responsibilities that the United

States, as a Security Council member, voted for. The administration and

Congress should accept that appropriations for peacekeeping can no longer

be part of the State Department budget, given the size of the requirements as

a proportion of that budget. This account should be transferred to the

Peacekeeping forces are truly a legitimate part of U.S. security needs, as General Colin Powell, chairman of the Joint Chiefs of Staff, has recognized.

The respective committees of Congress should support this shift. Of course,

The administration should reverse the decision of a decade ago to slip the

appropriation of the United Nations assessments by a year. UN assessments

are due by Jan. 31 each year, but U.S. payments, in current practice, are

Finally, the UN General Assembly has welcomed moves by Secretary-

General Butros Butros Ghali to consolidate responsibilities in the secretariat by

seriously reducing the oversupply of senior officers reporting directly to him.

The United States should be in the forefront of those urging him to follow through on his promises of a further rationalization of the organization within a year. Renewed consideration should be given to the creation of a post of deputy secretary-general to help Mr. Buttos Ghail get the farflung family of UN

personnel and agencies moving in the same direction.

At stake is the possibility of moving progressively away from unilateralism

in the use of force to true collective security, permitting UN members, including the United States, to devote more of their scarce resources

The writer, a former U.S. Foreign Service officer, retired in February as United

Nations undersecretary-general for special political and General Assembly affairs. He contributed this comment to The Washington Post.

the State Department will have to retain a key role in policy oversight.

By Ronald Spiers

Q: So the situation is that the U.S. simply will not take a position on who is the aggressor and who is the victim ... Tutwiler: Right ...

Q: What does it mean that the U.S. "is not going to accept unilateral

changes ... "?
Tutwiler: We use this phrase in any number of instances ... It is a stan-dard phrase that we use here. I can't explain to you why they do; it's been used for years ...

Q: It also normally precedes some strong action by the U.S. . . You used the statement "will not accept" just before we went into Panama with military force as well. Are we prepared to take some further strong action in this situation?

Tutwiler: Not to my knowledge. Behind the scenes, President George Bush and Secretary of State James Baker have been working the phones to Yerevan, telling Armenian leaders to stop the fighting in Nagor-no, to accept mediation by the Conference on Security and Cooperation in Europe, and to hold back their irregulars in Nakhichevan. And they are pleading with Ankara not to intervene.

While U.S. diplomacy has been evenhanded, administration feelings are increasingly anti-Armenian. Officials do not accept Yerevan's assertion that it has no control of Armenian irregulars in Nagorno and Nakhichevan. They believe, as one key official put it, that the Armenians, long the victims in this region, are "trying to create military facts on the ground while our hands are tied by our elections — just the way the Serbs are doing it in Bosnia."

The comparison is nasty, and Armenian-Americans are well aware of the increasing administration tilt to-ward Turkey. "But they can't do anything about it this year," said Van Krikorian of the Armenian Assembly in Washington, referring to White House wornes about Armenian support in the presidential campaign.

Then Mr. Krikorian put down the policy card U.S. officials fear most. Washington abandons Armenia

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diplomatically or stands by while Turks kill Armenians once again, he said, "Armenia would have to look to

Iran For security."

To administration officials, Iranian fundamentalism represents the immediate threat to Western interests in Central Asia. They hope to build up Turkey, a Muslim but secular na-

tion, as the alternative.

And they do not want Armenian military successes against Turkic peo-ples to put Ankara in a position where it must either stand aside and look impotent or intervene with force,

Turkish intervention would compel the United States to back Armenia for politics' sake and undercut Ankara. It might also trigger what officials see as the long-term threat to Central Asia a resurgent Russia. Already this week, a resurgent Kussia. Aircary uns week, a senior Russian general warned hyperbolically that outside intervention would "obviously place us on the verge of a Third World war ..."

Telling these ancient enemies not to

kill each other will not take the United States and the West far. At some point, they will have to hold Armenia in check. The only way to do that is by guaranteeing long-victimized Arme-nians their security at home and their rights in Azerbaijan. Otherwise, history will return with a vengeance. The New York Times.

work force is ciucial.

It is equally important that the rax and investment climate be conducive to putting up the enormous funds required for research and develop-

ment. On both counts, Germany is well-positioned. Even though German companies appear to be in the doldrums right now, the changes in industry are another step up the ladder of produc-

This Crisis

Won't Stop

Germany

By Norbert Walter

RANKFURT — Is Germany's high-powered economy headed for trouble?

With the average bourly wage at \$25.14 — the world's highest — and

new settlements that on the surface do

not appear to curb the apward trend

become less, not more, compentive,

changes under way, critics must un-derstand Germans' response mecha-

nism. Though basically a conserva-

tive people, we become dynamic and act fast when crisis threatens.

The current wage round is no ex-ception. After all the strike tentions,

the cost of the pay increase in the

public sector's one-year contract will be manageable, especially because extra care will be taken in hiring.

The agreement between the metal-workers union and the employers as-sociation is significant in that it runs 21 months and calls for only a 3.4

percent increase for the first nine months of 1993. This beliwether

contract indicates that next year's settlements will be considerably low-

er than this year's. This bodes well for the inflation rate, now 4.6 percent

clical, yet we have convenced ourselves

that it is a direct result of high costs of production, especially labor. The de-

bate that this perception of crisis has spawned means the private sector is addressing problems in 1992 it would

Many outside experts think our

rigid labor practices disadvantage our industry. Our companies cannot lay off personnel as easily as Ameri-

can companies do; we traditionally remivest in employees rather than abruptly release them. Retraining

current employees is far more cost-

Some critics suggest that the skills

of Eastern German workers are so

low they threaten the high wage strat-

egy. Not so. Huge sums have been sunk into training and capital equipment there. Not only will this jump-start the region's economy, it will significantly raise the quality of the entire German work force in a rela-

entire German work force in a rela-

For instance, auto production will focus increasingly on luxury cars, research and development and compo-

nent production at the high end of the

market. Even Eastern Germany, where new plants inevitably will be Europe's most modern, is beginning to become a center of high-ead production. Automakers realize that they must

reduce overall production costs to

remain competitive in world markets,

so they are shifting low-wage labor-

intensive jobs to Eastern Europe, as

they did to Spain years ago.

Volkswagen, General Motors and other West European automakers be-

lieve their plants in Czechoslovakia,

Hungary and Poland will be able to

deliver a product that can compete

This pattern is distinguishable in

with Japanese cars made in Britain.

a number of sectors. The export-ori-

ented chemical industry is setting up production facilities outside Europe. The success of this strategy depends on the steady development of new

products, for which a highly trained

tively short time.

effective than training new ones.

surely face closer to 1997.

The current slowdown is mainly cy-

Don't be so sure.

imists say Germany is going to

To appreciate the economic

tion strategy — a ladder we have climbed steadily for decades. The shift toward ever more capitalintensive production will sweep the rest of Europe and the developed world before the 1990s are out, as skilled labor becomes increasingly

scarce relative to demand. This means that while our high labor costs seemingly put us at a competitive disadvantage, Germany will be well prepared to operate in the

changing world economy.

This is not to say doubters do not have a point. High production costs are likely to aggravate the current slump. But the effects will only be felt in the short term.

The medium- and long-term outlook for the economy is brighter than most realize. The very disad-vantages that hamper domestic pro-duction today will help our economy emerge stronger during the rest of the decade.

The writer is managing director of Deutsche Bank Research. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Economic Uproar

LONDON - The uproar continues over the bold economic discourse of Lord Salisbury, who contended in a speech at Hastings last Wednesday [May 19] that the principle of taking in goods of all nations duty-free might be very noble, but it was not business. He then boldly said. "If you intend in this conflict of commercial treaties to hold your own, you must inflict upon the nations who injure you the penalty in your hands of refusing them access to your markets." This message commences the end of bogus Free Trade in England.

1917: Dog for the Cause

PARIS -- The American Hostels for Refugees received an unusual donation from Mrs. Lee-Chide of Paris. Sing-Tzar, a smart and exceptionally beautiful Pekingese dog, will be sold to the benefit of French war sufferers.

Bear, took the Diplome d'Honneur at the Exposition Canine de Paris in 1914, and on his mother's side he counts several championships in his ancestry. An upset price of 1000fr. has been placed upon this lovely creature, the sale of whom will certainly contribute to the aid of a good cause.

1942: Nazis Driven Out

MOSCOW - [From our New York edition:] The Red Army, battling ficrosly through the eleventh day of Marshal Tanoshenko's offensive in the Kharkov area of the Ukraine, reported today [May 23] it had killed more than 15,008 Germans in hurling back Nazi attacks in the last times days. All 15,000 were killed on a single flank of the Kharkov front where wave after wave of shock battalions were thrown against the Red Army. The recoding Nazi waves left 3,000 dead in the field in one area in to the benefit of French war sufferers.

Sing-Tzar descends from the famous Alderbourne stock. His father, Teddy

to the benefit of French war sufferers.

one day, along with heaps of battered tanks and choking dust howering over the bot Ukrainian plants.



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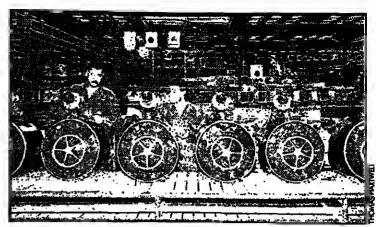
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DIVIDENDS OF PEACE



... and of appliances in Sixth of October city.

Renewed Confidence Brings Unexpected Rewards

Busy production lines, of fire extinguishers in Cairo...

It has been a good year for Egypt. The economy has made encouraging strides. As the world absorbs the momentous consequences of the collapse of the Soviet Union, it is clear that former President Anwar Sadat's policy of siding with the West in the Cold War has been vindicated.

Egypt emerged a clear winner in the Faustian drama of the Gulf conflict with a massive write-down of its debts and the prospect - thanks to the bite of an International Monetary Fund agreement —of forcing through the kind of structural transformation that has cluded economic managers to date.

After 40 years of turmoil, it is at last possible to envisage the prospect of regional peace — the prize above all others that Egypt seeks to secure for its citizens. These developments imbue in policymakers a sense that they may at last be beginning to have some command over events.

On the economic front, Egypt has passed an important watershed. The inflationary pressures unleashed by the price rises required to activate the IMF agreement have been contained. And there is a policy in place to ensure that credit relaxation goes hand-in-band with a reduction in the budget defi-

The price has been a draconian credit squeeze that has particularly hurt small businesses; they have often been left stranded at the end of an extended payment pipeline. Nevertheless, the economy remains remarkably buoyant despite the squeeze and the cost of accommodating some 400,000 Egyptians who returned from Knwait and Iraq because of the hostil-

This buoyancy is due to a record inflow of tourists - expected to top 3 million this year - and a largely unremarked inflow of Saudi and Gulf investment, which is driving up real-estate prices and spilling over into tourism, agriculture and industrial ventures. There are also signs of Egyptian private wealth returning to the country.

There is also a sense, at the grass-root level, of an emerging self-confidence among Egyptians: in the improving quality of con-struction, the better upkeep of public buildings and parks and of housing generally and in bener administrative management.

Exposure to the world market has softened the tone of the opposition. President Hosni Mubarak's skillful steering of Egypt back into the Arab mainstream after Egypt's break with the Arab world in the late 1970s has also ensured that there is no longer any confusion as to the West's role. This time around, Egyptians are decidedly at ease with themselves; the economic boom when it comes will be homegrown.

The most significant battle in Egypt's long march to a market economy has been waged over the transferral of parts of the economy to the private sector. Throughout the mid-1980s, it was clear

Continued on Page 10



The calm of sailing boats on the Nile. The bustle of factories producing exports. These are symbols of Egypt's returning prosperity and appeal. But peace has also brought the opportunity for fundamental economic reform and a higher profile for Cairo in world diplomacy.

Debts Are Halved, Inflation Is Curbed, Dollars Flow In

Eygpt's military debts are now set to be wiped from the slate, together with a large slice of Egypt's other official debts, in recognition of Cairo's stand in the Gulf War.

In all, the total debt will be halved from some \$49 bil-lion to \$25 billion (of which \$14.8 billion is private debt) and, more significantly for the current account, the country's debt-service profile has been transformed, provided Egypt keeps on track with its IMF reform pro-

The external account has rarely looked so healthy. With an extra \$1.7 billion to play with this year from forgiven or de--rred debt service charges, an unexpectedly good run on most of the conventional foreign-exchange earners, particularly tourism, and remittances picking up, reserves have jumped to the equivalent of over five months of imports.

Another factor bolstering reserves has been the strong inflow of dollars into Egypt to take advan-tage of the real interest rate regime introduced in January 1991. With the Egyptian pound virtually unchanged against the dollar since flotation last

autumn - confounding IMF assumptions of an annual 15 percent depreciation in the currency deposits in Egyptian pounds have been an extremely profitable invest-

If Adel El-Labban of

the Commercial Interna-tional Bank is correct when he asserts that the pound is actually undervalued, pound deposits will continue to be in demand, further underscoring the stability of the currency and eliminating imported inflation. According to the minis-ter of cabinet affairs, Atef

Obeid, inflation dropped from 26 percent to 21 percent in the 12 months to the end of March. (Other independent analysis put the rate as low as 17 percent.) Government revenues from customs dues and the recently introduced sales tax have exceeded expectations, and the tax take has risen to 20 percent of GDP.

Mr. Obeid adds, "We are enlarging the taxable base and introducing a

global tax. We have to improve tax savings by refinements to the data base and improve collection methods.

On the expenditure side, the government has been more successful than expected in reining in its spending, Mr. Obeid estimates that the budget deficit for the fiscal year to the end of June will consequently be held to between 6.8 percent and 7.1 percent of GDP — well within the 9.3 percent guideline set by the IMF and within striking distance of the 6.5 percent target for 1992-93.

The difference this time with official attempts to control public expenditure while managing credit expansion is that a clear mechanism is established through the issuing of Treasury Bills that link government spending to the available money stock, High demand on the stock automatically raises the

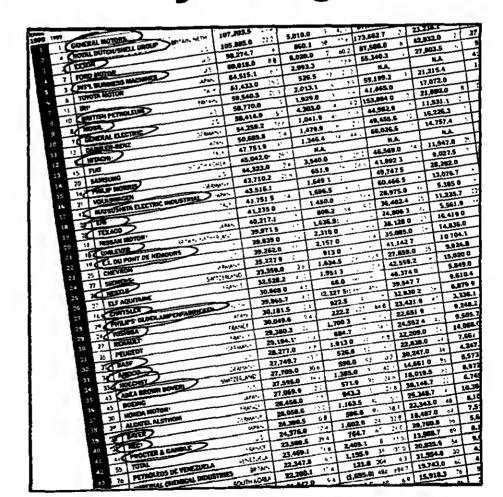
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ADVERTISING SECTION

Cairo Once Again at Hub of Arab World

Egypt's star in the diplomatic firmament has rarely shone brighter. Two of its elder statesmen, Butros Butros Ghali and Esmat Abdel Meguid, head the United Nations and the Arab League, respectively.

At the same time, a newfound economic self-confidence and diplomatic maturity is subtly changing regional relationships, particularly with its erstwhile paymasters in Saudi Arabia and the Gulf.

Egypt may appear to be slipping out of the picture as the focus of the Middle East process shifts eastward, but its counsels have

AND DESCRIPTION OF THE PARTY OF

Gulf War pays dividends

never been so in demand. A decade ago, the situation looked very different. Egypt, dangerously marginalized and isolated in regional affairs, was feeling the economic impact of the Arab boycott following the Camp David accords with Israel. It says much for the dogged per-severance of President Hosni Mubarak in rebuilding bridges with the Arab world that Egypt's rehabilitation bas been so successfully completed.

The breakthrough occurred in 1987, when diplomatie ties were re-established with Saudi Arabia and the conservative bloc, and the reconciliation was formalized by Egypt's readmission to the Arab League in May 1989. A little more than a year later, the Arab League had moved from a temporary home in Tunis to its headquarters in Cairo, and Esmat Abdel Meguid was elected secretary general.

From Cairo's perspective, this was gravity reasserting itself over aberrational political forces, a restatement of Egypt's natural position.

In the Gulf crisis of August 1990, Cairo's leadership in first opposing the invasion and then commiting troops to the expeditionary force to oust Saddam Hussein was the catalyst for the formation of the Arab coalition essential to the success of the wider diplomatic mobilization in the UN.

The political dividend for Egypt in taking a swift and decisive stand was both practical and psychological. Grateful Western.



Deutsche marks and dollars for sale: realities of a free currency market in exchange office window.

allies wrote off over half of Egypt's official debts, providing the breathing space essential to making the May 1991 economic reforms work. The psychological impact is still being felt in the newfound seri-ousness with which the West now views Egypt's

reform moves.

Although Egypt has moved off center stage in the peace process, it derives satisfaction from the fact that the protagonists are now talking to each other, and its potential role as an "honest broker" remains. The Palestinian negotiating team was in Cairo in mid-April to be debriefed on peace talk tactics. Mostafa Khalil. the former prime minister who was a prime mover behind the Camp David accords, says, "We try to advise the Palestinians on

have to create personal relations with the Israelis." Egyptian officials make bttle attempt to hide the difficulties they faced in dealing with the Israelis but point to the signing of 26 nonmandated agreements as proof that Egypt did its bit to put flesh on the Egyptian-Israeli peace treaty. Selective coopera-

tion with Israel is growing,

bow to negotiate. They

particularly in the tourism, energy and agricultural

Egypt perceives real grounds for hope in the enormous geopolitical changes that have taken place in the world since the collapse of the Soviet Union and the new impetus in the West to solve the Middle East problem. It is encouraged by the United States taking a much more holistic view of the region and is anxious to capitalize on the momentum of what it sees as America's more

constructive contribution. Nevertheless, the painfully slow pace of the ne-gotiations — now caught in the cycles of the Israeli and U.S. elections -takes place against the background of chronic instability of the region.

In this context, the West's dispute with Libya over the Lockerbie affair is particularly distressing for Egypt. No matter what the position in law regarding the surrender of the Libyan suspects and the imposition of sanctions against Libya, the Egyptian government has to deal with a domestic constituency that, while not necessarily having any particular love for Colonel Moammar Gadhafi, feels the West is

getting at Libya to make a point. There are complaints of double standards, particularly as regards the Security Council's reluctance to sanction Israel for its failure to implement UN resolutions. The concern is that Libvan sanctions will play into the hands of the fundamentalists by con-firming the suspicion that the West is anti-Islam.

The Libyan crisis raises fears of economic disruption should the 500,000 to 1 million Egyptians in Lib-ya be forced to return home. Egypt is still trying to absorb a net intake of 400,000 expatriate workers forced home in the wake of the Gulf War.

Egypt is trying to encourage a greater frankness in inter-Arab diplomatic dealings as a first step to the adoption of more mature and realistic

As one Foreign Ministry official put it: "The Arab world has to change. The question is how it will change. We will not become Western because we are not Western. We are trying to find a new identity. It will be progressive or fundamentalist. Either way, it will be Islamic."

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Alan Mackie is a London-based journalist who has been writing about Egypt and who visited Cairo for this supplement. • Michael Frenchman is also based in London and travels frequently in the Middle East. • Olfat Tohamey is a free-lance journalist living in Cairo. • Pamela Ann Smith is a London-based writer and consultant on

Egyptian at the Center Of World Peacekeeping

Symbolic of Egypt's increasingly central role in world affairs was the appointment this year of an Egyptian, Boutros Boutros Ghali, as the world's top diplomat, secretary-general of the United Nations, the man most deeply involved in efforts to keep the peace around the world.

Handpicked by the late President Anwar Sadat to accompany him on his historical visit to Jerusalem in 1977, Mr. Ghali made a leap from the academic world into that of international politics.

Before his appointment as minister of state for foreign affairs, few observers were aware that Mr. Ghali, who had been head of the Political Science Depart-

> More of a realist than. an optimist.

ment at Cairo University since 1949, had developed an interest in public life. But he had in fact become a member of the central committee of the ruling Arab Socialist Party in-1974 and later its politburcau. "My appointment

came as no surprise to me, says Mr. Ghali. He entered the bastion of the Foreign Ministry armed with a formidable list of books, research papers and lectures he had prepared in his field, but he had no practical experience in diplomacy. The depth of his knowledge of international law and politics and his conviction of the necessity of a peaceful settlement to the Arab-Israeli conflict enabled him to carry out the difficult

task of negotiating peace with Israeli counterparts, Mr. Ghali has referred to his relationship with the late president as "excellent, and based on mutual trust," adding, "I had his confidence, and he often entrusted me with very delicate missions." ...

shown a marked resilience and carned high praise for patience and perseverance.

Despite his failure to obtain the support he needed to run for the post of UN commissioner for refugees three years ago, he accepted the challenge of seeking the top position at the in-

ternational organization. In an exclusive interview, he describes his task as "formidable but not insurmountable," and added, "But I took the job knowing full well what it would entail."

A down-to-earth realist, Mr. Ghali was keen not to raise expectations about his new role, saying in his inaugural address, "I am not one of those who



promise what is beyond the limits of the possible." He went on to say that "although there is a strong relationship between me and optimism, the link between me and realism is

address in the three languages he speaks fluently: Arabie, English and French. He introduced himself to the world by saying. My sense of be-longing is to Egypt, the Arab-African country overlooking the Mediterranean, which has through the ages played the role of

In a number of difficult a bridge for civilization situations, Mr. Ghali has and a melting pot in which various cultures_and reli-

gions have interacted."

The depth of this belief is exemplified in his personal life: the descendant of a wealthy Coptic Christian family, Mr. Ghali is married to a Jewish wom-

Mr. Ghali says of the UN: "Ironically, perhaps one of the biggest challenges facing the organization today stems from its successes. Never before have expectations been so great for the United Nations to solve the world's problems."

He also complains that "never before have the organization's human and financial resources been

of those who promise what is beyond the limits of the possible."

Mr. Ghali delivered his

"I am not one Boutros Boutros

stretched so thin in trying

to meet the growing num-ber of assignments." He says he regards his task as threefold: "First, to bring the sometimes timealistic expectations down to well-defined, feasible goals; second, to restructure the United Nations machinery so that it canadequately respond to the new demands; and third, to promote the concept of the 'division of labor' by urging greater involvement of regional and nongovernmental organizations in solving the world's problems." O.T.

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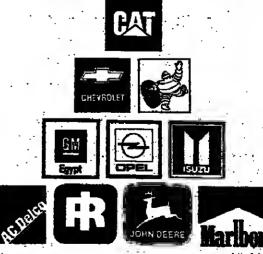
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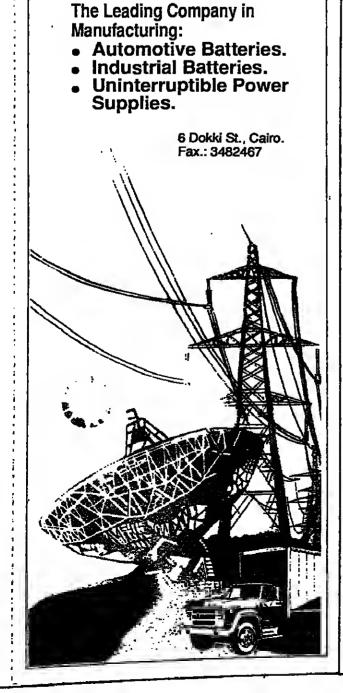
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A Quiet Revolution Transforms Farm Life

The popular image of Egyptian agriculture encapsulated in the timeless images of fellaheen, donkeys, date palms, pigeon lofts and buffalo at water wheels belies a quiet revolution taking place on the farm.

The agricultural revolution is spured by a twofold impetus: the need to improve production by dismanting the state-controlled pricing structures, both of agricultural inpurs such as pesticides and seeds and of farm gate prices; and the need to expand the area under cultivation through land reclamation.

By the end of this year, virtually all direct subsidies on farm inputs will have been climinated, and farm gate prices on all produce except. cotton freed. Cotton prices, until recently only 40 percent of world prices are to be fully liberated in

The need to revamp Egyptian agricalinge has to be seen in the context of the population explosion and urban encroachment. As recently as the early 1970s, Egypt was a net emorter of food; today it suffers from a deficit of several billion dollars on its food account.

The agricultural reforms, together with scientific advances - new plant strains, etc. - are already making a significant impact on productivity; agricultural production was up 8 percent in fiscal 1990-91 and the food deficit declined.

Egypt will continue to rely on imports to cover market needs in wheat (for which local production covers only a third of consumption), beans,

vegetable oil and meat, and will concentrate on producing export-led, high-value fruits and vegetables.

The main thrust for increasing nontraditional agriculture comes from land reclamation, and the most striking evidence of the progress made is the Desert Road between Cairo and Alexandria. Here a number of major reclamation projects produce all forms of tropical, semitropical and deciduous fruit and veg-Over the past 10 years, some

60,000 feddans (25,200 hectares) of desert have been reclaimed, more than offsetting the 30,000 feddans lost to urban encroachment. Reclamation is now adding 40,000 fed-dans of cultivable land each year. The Nile, according to the latest research, should be able to sustain a

million feddans of reclaimed land,

which would raise the cultivable area to some 7 million feddans. In the view of Nadia Niazi Mostafa, who with her brother Hatem farms 725 feddans by the Nasseriya canal northwest of Cairo, it pays to be an engineer rather than an agriculturalist when setting up a recla-mation project, as planning the in-frastructure of a farm is crucial to its success. Their engineer father founded the lower farm adjoining the canal in 1961. When the opportunity arose



At Nimos farm, coarse cloth shades flowers.

in 1986 they laid claim to a further 450 feddans up the hill. They have been able to develop these using their water quota from the Nasseriya

Viewing the Niazi Mostafa's thriving operation today, with its mature citrus and mango orchards in the lower farm on the newly reclaimed ground and the lines of vines interspersed with almond, apple and other deciduous saplings, it is easy to

take for granted what you see. But the metal road and power only arrived some five years ago, and power cuts are still common. What it all shows is that reclamation can be made to pay with proper funding and planning. Patience and management continuity are also required.

Problems on the Road to Privatization

Privatization has moved center stage on the Egyptian economic scene, along with reform of the stock exchange and capital markets.

Opinions differ as to how the public sector should be divested. Progress so far has been leisurely; as of November last year, only around 2,000 small-scale locally owned public entities had been offered for sale, together with two hotels. There is a consensus, however, that the next 12 months will see radical changes in the public sector.

Public Investment Law 203 of November 1991 establishes the legal ba-; sis for the privatization of Egypt's 393 state enterprises as well as some 240 joint ventures. It appoints boards to run public-sector companies, the assets of which will be owned by holding companies structured on industry lines and controlled by general assemblies.

The general composition of the boards and the assemblies has been established - some 460 members of the Egyptian Businessmen's Association are among private-sector mem-bers appointed, together with existing public-sector managers. But the composition of individual boards and assemblies has not yet been an-

While the private sector will be in a position to give the whole process a shove - the EBA is represented on all the government's privatization committees - it is not yet clear whose hand will be on the controls in individual companies.

The new law enables publicly owned companies to sell shareholdings without total privatization, although when more than 50 percent of the shares are divested, the entity

automatically becomes part of the private sector. It will be the board's responsibility to determine how the company is to be restructured and probably, how the public sector's work force (1.3 million in total) is to be trimmed to accommodate the new realities.

It is a popular misconception to believe that the winds of change are passing the public sector by or that existing managements are not looking at ways to utilize assets more efficiently.

The state automaker Nasco, faced with sharply lower orders, has already cut its work force by nearly one-quarter, to 11,000, and is seeking to lease spare capacity. It is also actively looking for joint-venture

Arab Contractors (Osman Ahmed Osman), Egypt's biggest construc-tion group with 48,000 employees,

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The government is committed to a gradualist approach

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would welcome privatization. Since 1982, Arab Contractors has been unbundled into separate companies with their own executive boards, and it would easily adapt to privatiza-tion. From the company's point of view, this would also be beneficial in focusing attention on its 1 billion pounds of unpaid government bills.

Ismail Osman, managing director, says, "The problem is that the govemment owes us 1 billion pounds, we owe the banks this amount and we are having to pay interest. Profits are finding it hard to catch up."

Mr. Osman sees a privatized Arab Contractors subcontracting out much of its business to free-lance exemployees. The company has its own training centers for employees and university graduate recruits.

This pragmatic step-by-step approach is questioned by Kidder Peabody, the privatization specialist financial group. It believes Egypt does not have the luxury of taking the gradualist road and should employ more drastic solutions. According to Aladdin Saba of Kidder Peabody,

valuable time would be lost trying to put a price on assets without market criteria for judging performance.

The public sector possesses many underutilized assets - the insurance companies own a great deal of valuable property, and many state textile mills and cement plants have been renovated with the most modern equipment. The danger is that they would be sold for well below their market worth.

The government, however, is committed to the gradualist approach. The minister of cabinet affairs, Atef Obeid, says, "We have established a short list of 43 international and local consultants has been established to advise on the evaluation of companies. The first batch of 25 small to medium-sized companies has been selected for privatization, with a view

to establishing joint ventures."

They will be analyzed for profitability, market potential, the restructuring requirement and their value, The hope is that by the end of the year, the analysis will be complete and these companies can be sold, if appropriate, either to individual buyers or by block shares.

The aim is to enlarge the private sector base through privatization, increasing the number of private investors in the process, and by stimulating private investment and mobilizing capital and savings, to shrink the power of the public sector.

Adel Al-Labban, of Commercial International Bank, says the private sector should be investing now. "You can buy assets for the same price they were 10 years ago," he says. "This is the time to take the risk." He adds, "A wait-and-see attitude could jeopardize a unique opportunity for realizing Egypt's eco-

nomic potential."

It is essential that a great deal of effort goes into restructuring public sector companies in the coming year to make them salable, he adds.

This touches the broader philosophy behind privatization: the optimization of the state's investment and the release of resources for investment in areas that legitimately concern the government, such as job creation. This goes with the much broader information-gathering exercise being undertaken by the government with German assistance, which involves drawing a map of the country's economic activities. The human-resource inventory of this program should be completed in July.

A.M.

Debts Are Halved, Inflation Is Curbed, Dollars Flow In Bank, says two changes are essential: "The government should consider-Continued from Page 7 of the Egyptian Industrial Group bears this out. At the sharp end of,

lic-sector borrowing requirement relieves pressure on the money stock, enabling a benign cycle to be established in which Treasury Bill rates are pitched lower, bringing down interest rates and helping to reduce inflation. It should give the authorities scope to relax credit ceilings later

This is good news for beleaguered small businesses, which have taken the brunt of banks calling in loans. According to Nassef Sawiris, vice president of the trading and construction group Orascom, the credit squeeze and the ensuing shakeout were necessary for consolidation. The experience of Karim Henein

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the banks' reinctance to lend to small corporate borrowers, he cut his borrowings to the bone. He even constructed the plant that houses his cutlery business himself rather than take on further debt, and he is exploiting the skills he acquired by building a tourist hotel. Nevertheless, he says banks need to rebuild relations with small borrowers.

The lack of bank credit coupled with the high cost of borrowing should make a galvanized capital market attractive to the small rate business, says Ali Tabry of Kidder Peabody. But Mostafa Khalil, chairman of Arab International

exempting stocks and bonds from tax. Secondly, financial intermediaries should be created between banks and investment companies."

Changes to the real economy have to be in place if Egypt is to be competitively placed to take advantage of an upturn in the industrialized economies. Although the recession in Europe has held back nontraditional exports this year, they still represent the best hope for Egypt in the long term.

A Far Eastern glovemaker is doing a rearing trade with Europe out of the Amriyah Free Zone in Alexandria, and a group of Hong Kong market.

entrepreneurs has been discussing manufacturing ventures with local textile interests. Access to European markets is likely to be more important in the long term than capital.

Meanwhile neighboring Arab markets offer a useful springboard for exports, which should be further boosted by news that the authorities are setting up an export credit agen-

Egypt should have little difficulty competing with other North African countries and Eastern Europe. It has the comparative advantages of cheap, abundant labor and the potential to benefit from economies of scale, thanks to its large domestic



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Renewed Confidence

Continued from Page 7

that the government lacked the means and the managerial capacity to run the economy, but vested interests ensured that such thoughts were rarely translated into action. The dead hand of the bureaucracy became an excuse for failure, and it is easy to forget the debilitating effect of a system sustained only by its inertia and the idea that

time was on its side. It was the collapse of the Soviet Union and a socialist alternative to the market economy that more than anything undermined the position of the old guard and established the principle that only the private sector had the managerial capacity to promote investment.

This has produced a decisive break in the bureau-

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cratic and policy logiam. Management of the economy is now a cooperative effort between government and organizations like the Egyptian Business Association. The reform process is in open water and being borne along by the stream.

This new dynamic in the reform process is perhaps the most encouraging sign that things have fundamentally changed. But it should not be overlooked that Egypt has a huge demographic problem, a chronic housing crisis and a severely underfunded social-service system. Unemploymen; among first-time ob seekers is between 50 percent and 60 percent, and an International Labor Organization report estimates that Egypt would have to enjoy



Mubarak — his skillful steering

President Hosni

has brought Egypt back into the

Arab mainstream.

growth rates of at least 8 percent over the next 10 years to make much im-

pact on unemployment. In Egypt, many problems can be seen as opportunities, however. Despite the enormous physical constraints of poverty and demography. Egyptians have options not open to all developing countries.

They have space. The desert urban development program is an example of how old habits are breaking down and breeding a new frontier spirit on which the private sector is capitalizing. In assessing Egypt's potential, the depth and diversity of Egyptian life should not be overlooked -- the multiplier effect operating in

myriad ways to establish networks and business opportunities.

Egyptians have contacts everywhere, from Prague to Copenhagen, from Minsk to Lisbon. There are large expatriate Egyptian communities in Canada and the United States. These are all important assets when confronting the development challenge. The present economic improvement opens a window of opportunity, and the government has a coherent and sustainable policy to seize it. According to Aly El-Tahri of Kidder Peabody, all the elements for takeoff are in place. "The key word is confidence," he says.

Big Changes Leave the Banks Stronger

An air of cautious optimism is prevailing in Egypt's banking sector after a year in which fundamental economic reforms have led to considerable changes in the way the country's 200 financial institutions conduct their business.

Commercial banks have generally seen both their assets and deposits improve, while steps have been taken in the state sector to improve capital-adequacy ratios. With a new banking law expected to be implemented later this year, further rationalization is predicted.

The reforms were introduced in 1991 and are aimed at liberalizing the economy as part of a program agreed with the International Monetary Fund and the World Bank. They include the removal of controls on interest rates, measures to free the exchange rate and make the Egyptian pound fully convertible and the imposition of strict credit

ceilings on bank lending. As a result of the interest rate changes, many of Egypt's 38 commercial banks experienced a squeeze on funds: loan contracts issued at lower rates before the liberalization had to be honored, but higher rates had to be paid to depositors to at- state-owned National MIBank still registered an tract customers. As the cost of funding increased, some of the banks had to carry the costs on their balance sheets.

On a more positive note, exchange rate liberalization and the stability of the Egyptian pound relative to the U.S. dollar have helped to attract deposits,

> Controls. removed from interest rates

particularly from expatriate workers who returned during the Gulf crisis in

This has to be balanced against the fact that the credit ceilings, designed to curb inflation, have adversely affected banks' loan portfolios, while small spreads between lending and deposit rates have also narrowed opportunities for increasing income and profits.

Most commercial, investment and joint-venture banks have not yet reported their 1991 results, but initial indications are that the best-managed and well-funded institutions have managed to weather__ these radical changes successfully, Commercial International Bank, whose largest shareholder is the

Bank of Egypt, reported net profits of 75 million Egyptian pounds (\$22.6 million), while its balance sheet rose to 4.4 billion pounds. The bank is now planning to increase its capital from 150 million pounds to 250 million.

pounds. Egyptian American Bank, 51 percent owned by the Bank of Alexandria and 49 percent by American Express Bank, saw its net profits decline slightly, by 13 percent, to 65.9 mil-lion pounds, but analysts pointed out that this still represented an impressive 2.6 percent return on average assets and a 28 percent return on average equity. Assets rose 20 percent to 2.7 billion pounds. Deposits increased by 22 percent to 2.2 billion pounds, but

lending fell marginally to 685.9 million pounds. The Egypt Arab African Bank reported a slight rise in its assets to 962.9 milhon pounds, as well as in its deposits, to 470.9 million pounds. Profits reached 6.6 million pounds up from 6.1 million pounds in 1990. The bank's shareholders include Arab African International Bank (owned by the Central Bank of Egypt, Kuwair's Ministry of Finance and other Arab in-

The profits of Misr In-. ternational Bank, Egypt's largest privately owned bank, were outstripped by both CIB and EAB, but

increase of 22 percent in 1991 to 42.2 million pounds. Assets climbed substantially, rising by 36 percent to 6.2 billion. pounds, largely because of a 38 percent rise in deposits to 4.6 billion pounds. The shareholders of MI-Bank, one of Egypt's jointventure banks, include the First National Bank of

Chicago.

As Egypt begins dismantling its large state sector, the financial sector is also gearing up for changes in banking legisla-tion. A new banking and credit law under study will give the Central Bank extensive new powers to regulate and control banks.

Measures being discussed include allowing the Central Bank to order banks to raise new capital or to merge with other institutions, to set limits on the amount that can be ient to a single customer and to appoint directors and managers of banks. All local banks will be required to have a minimum authorized capital of 100 million pounds, and foreign banks will be allowed to establish representative offices in the country, subject to certain restrictions. In return, the Central Bank will ensure that no bank will be allowed to

In the longer term, the.... reforms will produce a leaner but more profitable

Pamela Ann Smith

Catering to Small Investors

As the government begins to dismantle the public sector in earnest, bankers, investors and financial advisors in Egypt are eagerly awaiting the passage of a new law to encourage the growth of the country's capital markets.

Without such reforms, the privatization program could be delayed, they say, and small investors in particular will fail to reap the promised benefits.

To date, progress on the public sector sell-offs has outpaced that of capital market modernization. In January, the first list of state-owned firms to be opened to private funds. was published by the Cairo daily, Al-Ahram. These included 2" companies producing chemicals, fertilizers, paper, textiles, processed food:, cement, ceramics and household goods, as well as others in the services sector dealing

in shipping, real estate, tourism and agriculture. Since then, Prime Minister Atef Sedki has announced the names of new boards of directors appointed to run the large public-sector conglomerates as holding companies under the new enterprise sector law passed last year.

More recently, international consultants and accountants have been invited to help the government evaluate the assets of targeted state-owned firms and to advise on how they can be privatized.

While some of these

companies will be sold to specific investors, local

> 400 state firms are to be sold

and foreign, observers believe that a full-scale privatization scheme, as demanded by Egypt's aid donors, can only succeed if there are major modifica-. tions to the stock exchanges in Cairo and Al-

exandria. With some 400 state firms on the privatization list, and estimates that some \$45 billion worth of

state assets will be sold, the need for capital markets reform is urgent, bankers maintain. The capital markets are under study, reports Mohamed. Medbouly, board member of the state-owned National Bank of Egypt.

More limited attempts to privatize units owned by regional authorities in the country have also run into difficulties, according to local bankers, because of the inability of the exchanges to handle the volumes of trading that

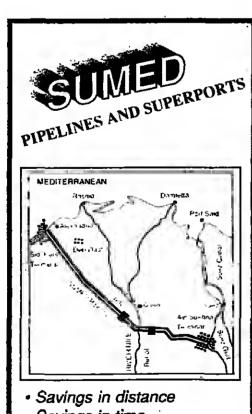
would be involved. Other changes are needed to unify taxation rates for securities, the bankers say, and to remove existing restrictions on the level of vields allowed for certain financial instruments, such as commercial paper

and corporate bonds. Planning Minister Ka--mai Ahmed el-Ganzouri has cited some of these bottlenecks as reasons for the slow pace in reorganiz-ing the public sector. Measures to ensure full disclosure of all relevant information were also

needed, he added. Late last year, the prime minister promised that vigorous action to stimulate capital market activity would be taken in the following few months. ...

Speaking to the People's Assembly on December 30, Mr. Sedki outlined some of the proposals. These would include setting up a structure to allow intermediaries and brokers to participate in the sale and purchase of shares, the introduction of computerized trading on the Cairo and Alexandria exchanges, and measures to allow bearer shares to be issued as part of plans to promote the growth of secondary trading.
For the country's invest-

ment banks and financial institutions, such reforms cannot come soon enough. The repatriation of huge sums of hard currency by Egyptian workers who formerly worked in Iraq and in the Gulf states has cree x ated liquidity that could be funneled to promote usal private industries. But with transactions on local stock exchanges totaling less than \$200 million in 1990 (the last year for which figures are available), much remains to be done if these sums are to be harnessed efficiently.



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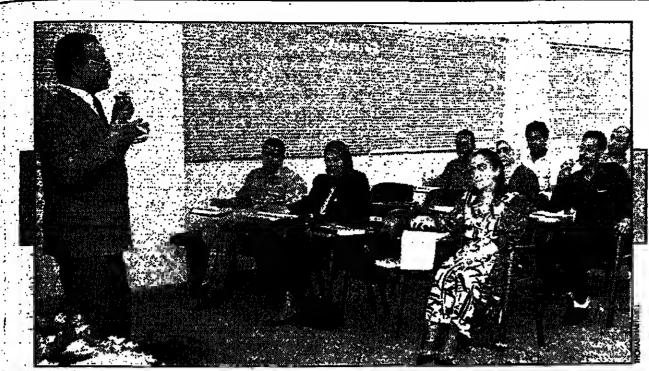
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Training Is the Key to Development

Education and training are critical to Egypt's bid for development. The lack of skilled labor, particularly secretarial, is already hampering the expansion of some small and medium-sized businesses.

In the absence of an effective national training system, it is natural that companies, industries, guilds and even ministries have established their own training schemes. The new cities, for instance, have set up training institutes in response to the needs of their resident companies.

Tenth of Ramadan new city has a

scheme run by the head of the city's: Investors' Association, Mohammed Khamis, who operates a highly successful carpet factory. The center guarantees jobs for graduates. Sixth of October new city has a similar

This grass-root response to the shortage of skilled labor is clearly encouraging, and training is geared to the specific skills required by the industries, rather than dictated by academics sitting in government offices. If Egypt is to achieve the mobility of skilled labor it needs for sustained development, however, these schemes must be harnessed, their scope broadened and standards set and monitored so that workers can obtain certificates that have val-

ue in the marketplace. The undersecretary of education, Mohamed Hadari, does not pull his punches. The problems with training start with the lack of the most basic information about the labor market, be says. There is equally a lack of information about the structure of the labor force and the future needs

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of the market; the Ministry of Manpower Training does not have the

The dearth of statistics extends to technical training. Another disadvantage is the plethora of different training institutes. The Ministry of Education has its own technical, ag-

Germany leads the way with overseas help

ricultural and commercial schools. The Ministries of Industry, Electricity, Telecommunications and Manpower Training have training schemes, in addition to those operated by large companies and organiza-tions. The Helwan Steelworks has its own training school, for instance, and so does the textiles industry.

There is little cooperation, let alone coordination, between these institutions and agencies. Mr. Hadari wants, as a first step, legislation to establish a technical training aid. standards authority that would oversee the collating and processing of million) a year.

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information, the rationalization of different agencies, the proper coordination of courses and the setting of

Under a recently signed agree-ment, Germany will help Egypt set up a training standards system. The intention is to introduce Germany's much-lauded dual system of training, with practical training in factories being added to theoretical training in schools.

The Germans are also cooperating in drawing up the specifications on standards for technical training. In addition, Egypt has a number of training agreements with Britain.

The challenges of training start farther up the pipeline with education. There are some 12 million students enrolled in Egypt's primary, intermediate and secondary schools up to the age of 14 — compulsory schooling has been reduced from nine to eight years in an effort to conserve resources. Only 2 million proceed to secondary education. As a developing country with a population problem, Egypt has lacked the resources to finance an effective education system, and funding will remain a problem. The five-year plan that starts in July envisages a near doubling of the education investfifent budget (including training) to 1.3 billion Egyptian pounds (\$404

The Real Tragedy of Subsidies

Tarek Heggy, chairman of Shell Egypt and a leading expert on economics, speaks out strongly on a subject of intense interest to Egyptians.

The real tragedy of subsidies can be attributed to the conflicting views adopted by the various parties engaged in the debate over the merits and failings of the system as applied in Egypt.

One group, whose members ascribe themselves to the "right," is calling for the removal of subsidies. which amounted to more than 10 billion Egyptian pounds (\$3.1 billion) in 1989. That was exactly the size of the Egyptian budget deficit.

A second group, made up of the remnants of the Nasserite movement and the standard-bearers of socialism and communism, regards subsidies as an inalienable right of the classes living in grinding poverty that is the result of by the deteriorating economy, social injustice and class

chaos now prevailing in Egypt.

The third group, made up of an eclectic mix of public figures and opinion leaders who adopt a "Machiavellian" attitude, believes that as long as subsidies continue to be applied in Egypt, no destabilizing effect on the Egyptian street may be expected, irrespective of how tragic the Egyptian economy is likely to be in the future. in the future.

The tyranny that marked the recent past in Egypt has affected the attitudes of the present political parties. Those who used to belong to the fascist party Young Egypt, Misr El-Fattah, now act together with the leftists to defend the subsidies policy, despite their well-known differences on all other issues. A liberal party like the Wafd illogically castigates the government whenever it tries to cut down subsidies.

These parties should liberate themselves from the conventional political dogmas and ask themselves: Do subsidies still go to those citizens who fail to cope with prices?

Subsidies were introduced in Egypt in the 1960s when the state was responsible for determining both wages and prices, ignoring the law of supply and demand. Eventually, the cost of financing subsidies spiraled out of control to eat away at the funds of Egypt. Nothing was

spared. It is obvious now that the enormous funds sunk into maintaining a subsidies program could have been invested in projects yielding a high rate of return for the country and consequently for its citizens. Huge amounts of capital were channeled



Tarek Heggy, chairman of Shell Egypt.

into subsidies rather than into setting up new projects for the rising generations. As a result, social chaos and class turmoil are believed to be in the

One of the most insatiable pockets for subsidies in the meager imancial resources of a poor country like Egypt are public-sector units, which are either operating at a loss or, at best, realizing a narrow margin of profit that is totally incommensurate with the capital invested in them.

This prodigal outflow of capital affects the Egyptian citizen, who is deprived of the normal profits expected from any project, which should be used either to promote public services and utilities or to set

up productive investment projects that can provide jobs for the millions

of unemployed young graduates. Advocates of political liberalism and a free-market economy maintain that it is only by abandoning its subsidies policy that Egypt can hope to climb out of the long economic slump that has made it one of the poorest nations in the world. It is risky, however, to remove subsidies

in one fell swoop. In order to get over economic stagnation, subsidies in Egypt should be phased out according to a comprehensive plan that provides for the allocation of the funds thus released to productive areas of investment that will generate high profits and create new job opportu-

For many years, the official media launched a successful campaign to convince millions of Egyptians that they bave a right to receive government assistance in the form of subsidies. This belief is firmly entrenched in the public consciousness. It is now high time for these same media to explain to the man in the street that the real beneficiaries of subsidies are the moneyed classes (the new upper class), while the poor derive absolutely no benefits from them.

Confidence in the government has been steadily eroded by years of broken promises on government spend-ing. Although Egyptians are re-nowned for their stoicism and tolerance, their patience is stretched to the breaking point by the obvious discrepancy between the government's words and its deeds,

Any plan that is designed now must be carried out in full view of the people, the press and the whole world to reassure them that funds diverted from subsidies are allocated immediately to productive investment projects. Otherwise, it will be impossible to win public opinion over to the merits of such a move.

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Incentives for Oil Exploration

Cairo's oil men are going global as they seek to attract more bids for what they say are likely to be lucrative new concessionary areas in the Red Sea and Western Desert.

in the last few weeks, some of Egypt's oil experts. headed by the new minister of petroleum and mineral resources, Harndi Aly Ei Banhi, have been to Europe and the United States trying to woo industry leaders with new oil explo-

ration incentive packages.

At present, Egypt is producing about 890,000 barrels of oil a day and 1.2 billion cubic feet of gas a day. There are an estimated 6 billion barrels of proven recoverable oil and gas reserves. Some oil is going for export to earn much-needed hard currency (the Gulf crisis helped it earn \$1.57 billion in the year ending June 1991). but the present strategy. according to Mr. El Banbi. is to concentrate on fulfilling domestic demand for refined petroleum products and natural gas as a fuel source. He estimates that domestic demand for refined products is unlikely to exceed 450,000 barrels a day by the year 2000. "We hope to make new

discoveries each year that will amount to 1.2 million barrels a day of oil/gas equivalent," says Mr. El Banbi. He estimates that because of various fuel conservation measures and the likely benefits from greater hydroelectric power, domestic oil demand will probably show an annual increase of around 5 percent by the end of the century.

"We are not planning to export more than 450,000 barrels a day, including the share from foreign operating companies, some of whom send their share directly to their own refineries." adds Mr. El Banbi. "We are under pressure to produce more, not export more, oil.

There are about 50 foreign companies investing in Egypt. 19 of which are operating at the moment. According to one company representative, the prewould not be unusual for some companies with marginal operations to cease their activities.

Major new discoveries of oil have been slow in coming, but production costs are relatively low, particularly in the Western Desert, where Egypt is pinning much of its hopes for the future. Eight new fields came into production last year, including three in the Western De-

"I think the Western Desert will continue to surprise us with small volumes of oil and much more gas," says Tarek Heggy, chairman of Shell Egypt. But there could be problem with major gas finds as they would have to be piped into the Delta grid to supply industrial developments as either an energy source or primary feedstock for the petrochemical sector, which might be costly. Mr. Heggy points out that gas needs heavy front-end investment and companies that are prepared to tie



Hamdi Aly El Banbi. minister of petroleum and mineral resources — seeking new discov-

guaranteed long-term gas flows. "At the moment we have only one buyer here,

themselves down with

the government," he says.
The man with the day-

to-day task of selling Egypt's oil prospects to the world is Wafik M. Meshref, vice chairman in charge of agreements and a board member of the Egyptian General Petro-ieum Corp. Three major concessionary areas are being offered. Bids for two of them, the Gulf of Suez and the Western Desert, close at the end of July; those for the third area, the Red Sea, must be in by the

end of September. Dr. Meshref is also offering larger areas for the individual exploration permits than has been done in the past. In the Gulf of Suez the blocks are no longer restricted to 25 square kilometers. In the Western Desert the new blocks are up to 50,000 square kilometers.

Companies are also being offered what industry sources claim is unusually low-priced oil data packages for the bid areas: they cost between \$20,000 and \$30,000. Companies sometimes buy the data kits to help decide whether it is worth putting in bids.

By April, about half a dozen datakits had been sold; 12 bids had been received for the Western Desert concessions and six for the Gulf of Suez. Dr. Meshref says that when the bids are completed the oil companies will be investing about \$600 million of new money in Egypt's

oil exploration program.

Michael Frenchman

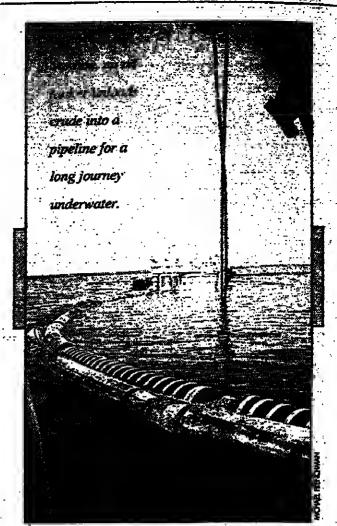


Underwater Route for Oil

A bright yellow buoy offshore from the Sumed terminal at Ain Sukhna is part of an underwater pipeline project carrying some 1.9 million tons of oil a day to the Mediterranean. It is called a single-point mooring system, or SPM. There are three at Ain Sukhna feeding crude from tankers into twin 42-inch pipelines stretching 320 kilometers to Sumed's other terminal at Sidi Kerir on

the Mediterranean.

Almost half of Europe's total oil demand from Saudi Arabia is pumped through Egypt, with increasing amounts coming from Iran. Sumed is jointly owned by Egypt, Saudi Arabia, Kuwait, Qatar and the UAE. M.F.



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Business Briefs

• The International Com-pany for Marble & Gran-ite, founded by Ahmed Eissa, aims to relocate its marble treatment facilities, currently in Baseteen, to its Sixth of October plant, where its granite cutting and polishing op-erations are already based. The company is producing 120,000 square meters of granite a year, around 50 percent of which is export-ed, principally to the Gulf area. Orders have also been received from the Far East, New York, Los Angeles and France.

 South Egypt Drug Industries (Sedico) expects to be in full production in 1993, three years after startup, says its chairman, Ahmed Aly Aboul-Enen. Sales are expected to ex-ceed 100 million Egyptian pounds (\$31 million), compared with 50 million pounds this year. The

company is raising the number of product lines, which range from pharmaceuticals to nutrition products and cosmetics, from an initial 35 to 200, half of which will be fully integrated manufacture, as op-posed to fabrication. Only 25 percent of turnover will be from production under license. Although the private sector now accounts for over 50 percent of the 2 billion pound local drugs industry, Sedico has set its sights on exports to Kuwait, Yemen, Libya and Saudi Arabia.

extinguisher manufacturer, intends to expand its export base. It recently opened a branch in Kuwait and has been exhibiting at commercial stands in Arab trade fairs. It has been actively prospecting markets and looking for agents or partners able to

provide the quality distri-bution network and after- Bavaria Egypt, the fire sales service that is the company's hallmark. It is also hoping to expand, sales in Africa. The company, which has 70 percent to 75 percent of the local market for fire fighting equipment, recently opened its eighth branch in Egypt at Borg el Arab.



Pan Arab Computer Center is looking to the government sector, which accounts for around a third of its business, to tide it over the recession. PACC, the agent for Macintosh Apple and Egypt's premier software and applications specialist, is concentrating on its core business of building local companies' network ca-pacities and making their interfaces more userfriendly, particularly in Arabic. PACC has made a major contribution to the

business. Bentley's Egypt

markets a range of smoked

fish and shrimps and re-

cently added quail to its

Arabization of Apple's software. PACC also provides marketing strategies and solutions for localizing and sees a market for replacement technology once the recession eases. It is also trying to bridge the between universities and the private sector by organizing schemes to recruit and train computer staff for companies.

 Orascom, a trading and construction group, is part of a consortium headed by Dragados y Construcciones of Spain bidding for Cairo's second subway line. It is opposed by a French consortium that built the first line. The contract is due to be awarded in the third quarter of 1992. The scheme, which involves building a 5.5 kilometer tunnel linking the northern suburb of Shubra el-Kheima with the city center, will cost

well over \$1 billion, 25 per-cent of which will be in local currency, and take five years to complete. The Dragados bid will be fi-nanced wholly by commercial loans, according to Orascom's Nassef Sawiris. The company is confident that the Ministry of Transport can manage the financing and payments, given its track record in completing other major projects. "Coming up with \$100 million a year is not unreasonable," says Mr. Sawiris, The economic benefit of the scheme cannot be measured wholly in financial terms, he says. The first subway line, which transports nearly 1 million passengers daily across Cairo, has been an exceptional success. Hav-ing just completed an 18 month assignment to lay the remaining 240 kilometers of double track between Cairo and Luxor, Orascom is now renewing the old track. This should

be completed by June.

• Mantrac, general traders, and the Caterpillar, General Motors and Ingersoll Rand agent, is. bucking the recession thanks to a buoyant market for engines. Profits for 1991 were up in dollar terms, and business in going better than last year, says Mantrac's ehairman, Mohamed Mansour. "If you have the right product and the right backup and you have in-vested, maybe the overall market is coming down. but you are in a position to increase market share," he



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ADVERTISING SECTION

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'Made in Egypt' Label Makes Conquests

A sign of the times — and perhaps a pointer to the future — is the tourists flocking to New Man's menswear boutique in Kasr el Nil Street, Cairo.

The French company New Man recently, started manufacturing in Egypt and is trying out the product on the local market. The local market - or rather the advance guard from Europe, where the apparel will be marketed in the next year or two appears to like what it sees. The prices are well beyond the range of most Egyptians but still absurdly

> Quality control WINSEXPORT expansion

cheap for the tourist, who pays less. than half what he would back home. New Man is one of a number of Western clothing and shoe manufac-turers established in Egypt. The growth of local manufacturing is one of the remarkable changes in Egypt in the past two to three years. Initially, the "Made in Egypt" tag was to be found predominantly on foodstuffs: brand names such as Nestlé. Cadburys and Heinz are common,



Mahmoud Al-Habashi, selling fashion wear to Europe.

and the list of locally produced foods and manufactured goods is growing.

This new production caters primarily to the local market, but as the recession has deepened and the market become more crowded, the sights of Egypt's entrepreneurs have shifted. Exporting is becoming firmly established in the local private sector's lexicon as a profitable activity.

The main interest is in Sandi Arabia, the peninsula and neighboring period," says GMC's works director, Arab countries. Heavier manufacturers have links with the former East bloc, but as Egypt's exposure and self-confidence grow, the focus is shifting to Europe.

Mahmoud Al-Habashi, the founder and owner of the textiles company Dantex, understands the advantages of exporting. An expatriate Egyptian based in Denmark, he has a textile plant in Sixth of October City producing womenswear. When setting up the plant, Mr. Al-Habashi had intended to place half his production in the local market and export half. It soon became clear, however, that the local market was extremely difficult to please. The average Egyptian consumer wants a "creation" and is unhappy to find someone else wearing the same outfit, he says. He concentrated instead on exporting to Belgium, Germany and Scandinavia and has not looked

Improvements in operating conditions are helping the bottom line. Greater local sourcing has helped bring the time needed to complete an order down from two weeks to two days. When Mr. Al-Habashi started. he had to import all the cotton yarn he used because the quality of the local product was inadequate. "Now we have found two mills in Amriyah near Alexandria, and they have a

very high quality," he says.

Mr. Al-Habashi's order book is full well into 1993. He insists on displaying the "Made in Egypt" la-bel on his merchandise and won a significant victory by getting his Swedish customers to accept it. is on making relatively unsophisticated machines to begin with and on building up skills rather than buying

in experience and technology.

GMC's first locally manufactured washing machine rolled off the production line in 1990; a dishwasher is to follow soon. The current 72 per-

Another company, Geneidy Manufacturing Co., the Sixth of October household-appliance and whitegoods manufacturer, also takes the "Made in Egypt" label seriously. Founded by Mohamed Geneidy, a former military officer, GMC is committed to establishing its own tooling plant to enable it to develop fully integrated local manufacture.
"We start with a licensing agree-

ment, build either in semi-knockeddown kit or completely-knockeddown kit form and complete local,

Omar Maher. He says the emphasis cent level of local content is due to rise to 95 percent by 1994.

GMC sees itself in competition with imports that it can undercut in price by 40 percent. The company believes it can double sales of cookers and washing machines to the local market. But it is also exporting, principally to Saudi Arabia, Libya and, it is hoped, Kuwait. It also has an agreement with Romania to supply kits and parts. British Chloride is an example of a

Western joint venture that has successfully taken root in Egypt and prospered, to such a degree that the Egyptian plant is now the most important worldwide of its traditional wet-cell battery operations. The Cairo operation has a reputation within the Chloride group for technical excellence and now provides the management and technical staff for setting up new plants in the region.

One key to Chloride Egypt's suc-

Washing machines on a GMC production line, destined for export and a home market.

cess — and the edge the company considers it has over competitors is the attention given to quality control and building strong distribution and after-sales service networks. The Cairo plant has increased capacity nearly threefold since starting production in 1982, and as the growth in the local market has tailed off in

recent years, the company has had to concentrate on exports, which now account for one-third of production. "We believe exports will show continued growth over the next few years," says Raymond Harding, Chloride Egypt's managing director. "We intend to increase capacity to 1 million batteries a year in the next

two years. By then, we should be exporting half the production."

The main export markets are in neighboring Arab countries: Saudi Arabia, Libya, Jordan and the Gulf emirates. In the longer term, Chloride is looking to expand sales in East European countries when their economies pick up,

New Factories Are Changing the Face of the Desert

The remarkable feature of most of the desert cities created around Cairo and Alexandria is the way they have changed over the past few years.

Tenth of Ramadan, the oldest, is unrecognizable to anyone who saw it during its rather bedraggled begin-nings in the late 1970s. The architecture and the finish date the older buildings, but the rest of the city is a sprawling estate of many hectares of relatively modern factories - some

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The government is to build · 254,000 new homes

500 in all -straddling the main road to Ismailia.

Ismailia. Sixth of October, the junior city founded in 1984, has learned from Tenth of Ramadan's teething troubles. But most of the companies based in Sixth of October, like South Egypt Drug Industries, are there because by 1984 all the available space at Tenth of Ramadan had been taken. Now Sixth of October has 200 operating facilities, including the flagship General Motors auto plant, and is virtually full.

The same can almost be said for New Bourg el Arab, situated some 60 kilometers west of Alexandria. Here land prices have risen sixfold in the last six years, fueled by the need of Alexandria-based industries to expand out of their cramped quarters in the city's industrial zone.

Shehfe Casings Co, had to settle for the third zone in New Bourg el Arab when it considered relocating its Alexandria glue plant, because all the appropriate sites in the second zone had gone. The company had a very different experience a decade ago setting up a sheep casing plant in the Amriyah Free Zone, 20 kilometers west of Alexandria. There it was left to the company to provide its own power, water and communications; New Bourg el Arab, in con-

trast, is already divided into lots with access roads, power, water, sewerage, lighting and a new telephone exchange in place. Hospitals and schools are planned — amenities the first new cives lacked. New Bourg El Arab will be the first new city with its own technical university. All this points to a revolution in

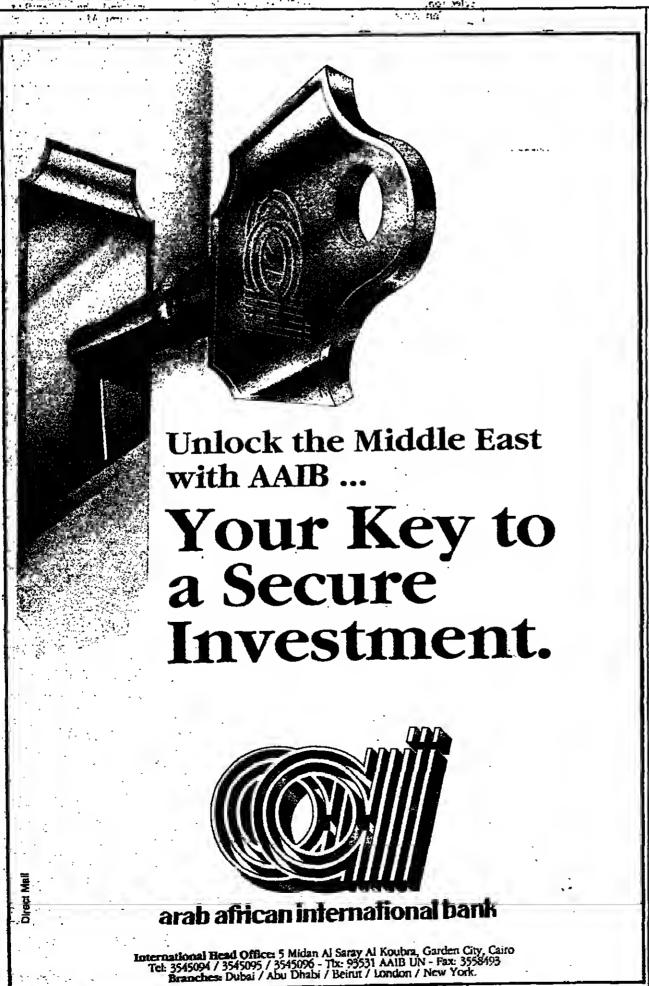
urban planning and organization and the growing competence of the construction industry. This is of profound significance to the government's urban development plans there are now some 15 new cities in all. Given the scale of the demographic problem, with the population rising by 1.4 million a year, housing comes only after food and clothing in the authorities' list of priorities for the 57 million Egyp-

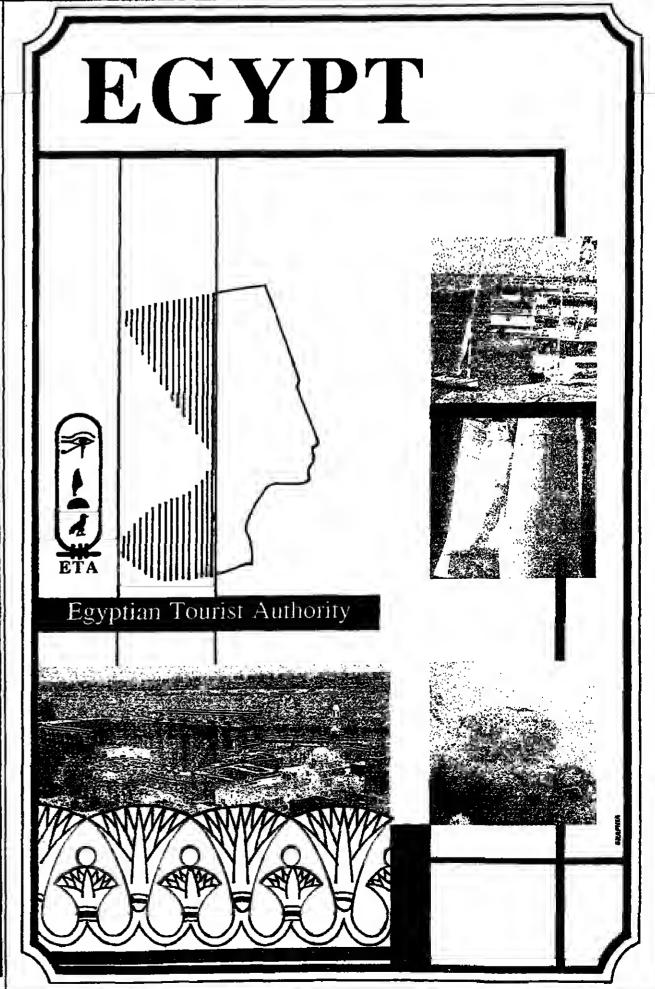
The government has earmarked 2.5 billion Egyptian pounds (\$778 million) to build 254,000 new homes in the low, middle and above-average categories, of which some 100,000 have been completed in recent years, many in the new cities. But persuading Egyptians to quit the Nile valley and Delta has been hard

Standards are undoubtedly improving, particularly at the top end of the market, but the industry has been sorely hit by the credit squeeze. U.S. construction companies continue to prosper from USAID- and FMS-funded programs, but these are beginning to wind down - although water and sewerage projects still have about five years of life in them. Some \$600 million worth of new

work is to be let soon in Alexandria. James Pringle of the U.S. contractors Morrison Knudsen Corp. says, "For Egyptian contractors that have made the leap from local housing and have survived the debt crunch and the downsizing of the local construction market the prospects are good." Top companies like Orascom and Hassan Allam have the sophisticated computer-aided construction systems and the skills needed to compete successfully.

Foreign expertise may still be needed for specialty work, but these companies are moving into everhigher technology and have already taken over many of the aid-financed activities previously undertaken by foreign companies. "The cost of one or two expatriates on a small project is uncompetitive compared with a well-established Egyptian contractor," says Nassef Sawiris of Oras-





Egypt Shows It Has the Power To Bring Back the Tourists

Egypt is rapidly regaining its popularity as a tourist destination now that it has overcome the negative effects of the Gulf War.

The latest indicators confirmed hopes that tourism in Egypt would resume its phenomenal growth, hit-ting new records in 1992: 3 million tourists are expected to visit Egypt this year, possibly rising to more than 4 million next year and over 5 million in 1994.

ADVERTISING SECTION

The breakthrough was achieved in February with a new record for the number of tourists visiting Egypt in one month. The figure of 233,665 tourist arrivals in February represented a 307 percent in-crease over the same month last year, when the Allies were launching raid

after raid on Iraq.
More important as an indicator of recovery is the fact that February's figure represents a 13 percent rise over the same month in 1990, which was Egypt's fourth consecutive good year for tourism before the onset of the Gulf crisis in August 1991.

The re-emergence of positive indicators has boosted the morale of Egyptian tourism professionals, while the speed of the recovery confirmed confidence about the industry's high level of de-

velopment.
The Egyptian Tourist
Authority had cooperated

February 1

breaks arrivals record

with travel agents to control the effects of the war and put together a plan for recovery. Recalling the first day on which a committee formed for that purpose met in January 1991, the chairman of the authority. Sayed Moussa, says, "We were supposed to prepare a plan of action

on the day the war broke out, and we had a problem setting the date to start."

Describing the committee's task as an exercise in crisis management, Mr. Moussa adds, "We went ahead with our work. knowing that every war ends. And this was no exception."

While tourism in other Mediterranean and Middle Eastern countries also suffered the consequences of the fighting, the impact on Egypt was particularly strong. But because the Gulf crisis was in many ways comparable to a series of political events outside Egypt that marred the 1985-86 season, Egyptian tourism promoters were prepared by their experi-

While they realized it would have been hard to convince holidaymakers that the area was safe in the immediate aftermath of the war, they proceeded



The lure of the ancient: tourists crowd the entrance to Cairo's Egyptian Museum (above), and a statue of Amenhotep III in the Luxor Museum.

with coordinated efforts to distance Egypt from the troubled region and to build on the positive image it had developed during the crisis and war.

The first charter flight from Europe flew in one month after the liberation of Kuwait, although many Westerners remained reluctant to come. Meanwhile, Arab holidaymak-ers, especially Libyans, Saudis and Kuwaitis, enjoyed their summer holidays in Egypt at bargain rates, and business travel

Signs of recovery began to emerge at the start of the season in October and continued in November. The number of Westerners coming to spend their Christmas and New Year holidays in Egypt amounted to about three-quarters of those in 1989-90.

Mr. Moussa believes the industry is going through a period of convalescence in preparation for more rapd growth in 1993 and '94.

He believes that three factors will provide the impetus for the emerging positive trend. First, an intensive promotional effort is being carried out by the Egyptian Tourist Authority in conjunction with private-sector representatives, targeting new markets and seeking to at-tract nontraditional tourists. The second factor, he says, is the improved arrangements with Europe on airline traffic rights, which remove constraints on the number of flights between Egypt and Eu-rope. The third factor is the exposure Egypt will

the conference of the American Society of Travel Agents in Cairo next

September. Explaining the new drive to attract nontraditional tourism, Mr. Monssa says, "We have so far been successful in selling Egypt's history, and now we should try to be equally successful in selling its geography."

He was referring to the

drive to develop touristic facilities in the area between Cairo and Luxor and to promote adventure travel in Egypt. Efforts are under way to cater to tour-ist needs in the area south of Cairo, extending from Fayoum in the east to the border with Libya in the west and from Sobag in northern Upper Egypt to



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Cairo Boosts Cultural Status

Paris has the Louvre, London has the British Museum and Cairo is soon to have a world-class museum that will add to its claim to be the cosmopolitan center of culture and entertainment in the Middle East and Africa.

The new museum is to be... located on the outskirts of ancient Memphis, Phara-onic Egypt's first capital, close to other reminders of. mcient. Egypt's civiliza-Sphinx.

The 200-acre area south of Cairo is to provide the space in which monnments of gods, god-kings and others dating back to the third millennium B.C. are to receive the exposure worthy of their historical

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value. Expected to house 160,000 pieces, represent-ing a period extending from the Old Kingdom to the beginning of the Ro-man period, the new muse-um has yet to be designed by Italian experts. It is to consist of galleries as well as open-air exhibition spaces and is expected to cover themes such as medicine and architecture in ancient Egypt. It will provide appropr for treasures such as Tutankhamen's gold mask and functory accessories, currently crammed into one room in the Egyptian

Egypt's history over various periods will be the theme of the Museum of Civilization, which is be-ing completed in the cultural complex at Guezira in the center of Cairo. The complex includes the recently opened Museum of Modern Art.

Another unique cultural attraction in this part of the world, the Opera House, which was built with Japanese assistance, is the modern successor to the Cairo Opera, which was razed to the ground by a fire. Built by Khedive Ismail more than 100 years ago, the old opera was opened by Verdi's "Aida," which was especially commissioned by the Khedive for celebrations marking the opening of the Suez

The city itself is improving with restored buildings, cleaner streets and more orderly traffic. O.T.

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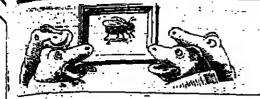
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Saturday-Sunday May 23-24, 1992



Gervex's "Rolla," (1878): Backed up traffic to the Avenue de l'Opéra.

Gervex: When Talent Never Really Works

By Michael Gibson International Herald Tribune

NDOWED with a wonderfully easy talent and appreciable charm, Henri Gervex (1852-1929), the son of a Montmartre piano maker, executed his first sensation-making painting "Rolla," at the age of 26.

He ran his career with brilliance and de-ceptive ease, was on the best of terms with Manet, Degas, Renoir and other impression-ists (Renoir portrayed him as the dancer in the middle of the "Moulin de la Galette"), enjoyed powerful political protection, cruised the Mediterranean with the idiosyncratic millionaire (and owner of the New York Herald) James Gordon Bennett, got himself happily enshrined in the Institut de France at the age of 61, and was promptly forgotten upon his

denthistill.

The Galcoe des Beaux-Arts in Bordeaux is currently presenting 120 of his works in an exhibition that will be going to Paris and Nice next year and which, while revealing a number of good paintings (and some less good), raises intriguing questions about why even some of his more attractive works sometimes fail to satisfy fundamental aesthetic stan-

Gerver studied under the academic painter Cabanci at the Beaux-Arts (Cabanci commitcan ancient as beauty Aris (Cananica communi-ted ancient on the special of "Birth of Venuss that is on side Moste of Orsay), but he was close to his actions, Manet and Degas, and admired the former's fresh colors and the latter's naturalism. They in turn offered him advice. Thus, in one early painting representing an autopsy, Gervex unthinking-ly painted the doctor's assistant with a someand fooked at it.

"Haven't you visited a dissecting room?" he asked. "Medical students are not impressed by cadavers. Have yours roll himself a cigarette." Gervex followed his suggestion, as a photograph of the (now lost) work re-

Gervex's most famous painting, "Rolla," illustrates the end of a sentimental dramatic poem in which Alfred de Musset relates the fate of the roisterer Jacques Rolla, who decided to kill himself after having spent the last crumbs of his fortune on one last night with a

N the painting, the fateful day rises with Rolla standing somberly at the window, gazing back into the room where the girl, Marion, is sleeping, all peaches and cream on immaculate sheets while her clothes, together with his came and top hat, lie in a suggestive jumble on the floor.

"Rolla," rejected by the Salon as "immoral," was promptly displayed by a dealer on the Chaussée d'Antin. Its success was so great that, for three months, traffic was backed up

all the way to the Avenue de l'Opéra. Immoral? The issue provides sociologists with some juicy material, the gist of their findings being that it was all right to point a nude (especially of the glossy, Cabanel-pin-

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up type) sleeping in a bed, and all right to paint a pile of clothing. But when the two are presented together, the obvious implication emerges that the girl is not an aesthetic, allegorical nude, but a woman of flesh and blood who has actually removed her clothing -something quite unacceptable to a conven-

tionally puritanical age. This is just a matter of historical interest now, but the painting confronts the modern viewer with quite another dilemma: It is appetizingly painted, the light is marvelous, the brushwork on the clothing is as free as any Impressionist could hope for, and yet some-

thing strikes one as wrong.

What is wrong, mainly, is the relationship between the various sections of the painting. If Rolls, the girl and their clothes were in three separate frames, the effect would be quite different.

Rolla himself is a rather fine Romantic study of a saturnine youth (the shirt is particularly well painted). Marion is a standard academic nude that has somehow been teleported into the crisp sheets of a cozy upper-bourgeoisic flat. And the clothing could be an Impressionist still life. Bringing the three to-gether in a single painting stresses the banal-ity of the anecdote and suggests that Gervex was attempting to have the best of all worlds.

N due course, Gervex matried one of his students, a girl belonging to the Protestant upper crust, and despite the husband and father, Some of his most charming works are devoted to his family: a portrait sketch of his sleeping wife, a delightful por-trait of his baby daughter Colette taking her first steps, and a portrait of his wife's niece, Simone Berard, a little girl with her bocket on the beach, scrutinizing common intensity.

He also did some portraits of James Gordon Bennett, who came to call on him one day, holding his paper in his hand: "Have you read the Herald today!" he said, chuck-ling. "There is a very offensive article about your portrait of Prince Victor Bonaparte!" Gervex showed the portrait to Bennett who liked it. "I want you to paint my portrait in the same style. We'll show it at the Salon and see if my man has the gall to criticize it!"

Gerver's main problem is that he was not an outsider in any sense. He cheerfully ac-cepted all the social indicators of his day and used them in his paintings. But the society he so thoroughly enjoyed and which he served so well was utterly swept away by World War I. Its conventions now strike us as stuffy, and the works that reflect them lack the enigmatic intensity of Manet's conceptions, for instance, or the individualism of Impressionist paintings that take the countryside for their subject and that have little to say about society as such.

Gervex's talent often yielded pedestrian results, but then he was the happy companion of a pedestrian age.

Henri Gervex, Galerie des Beaux-Arts, Place du Colonel Raynal, Bordeaux, to Aug. 30. Musée Carnavalet, Paris, Feb. 1 to May 2, 1993, Musée des Beaux-Arts, Nice, May 27 to

ART EXHIBITIONS

French Furniture: Not Everything Goes

EW YORK - Few professionals can doubt, after the memorable sales of French furniture held at Sotheby's this week, that the market has entered a new phase in which everything is scrutinized with a critical eye. The contrast between the first day, in which every one of the 103 lots found a buyer, for a total of \$15.88 million, and the second day, when quite a few pieces dropped dead along the road, could

hardly be more dramatic.
On Wednesday, the subject was the most dazzling group of 17th- and 18th-century furniture from France seen in a New York auction in

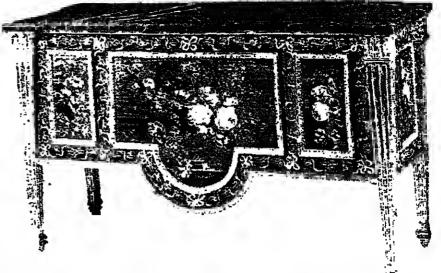
SOUREN MELIKIAN

the last three decades. Parily inherited from his father, Antenor Patino, but mostly acquired by him over the last 25 years, the furniture that graced the Geneva residence of Jaime Ortiz-Patino was a collector's choice in the most traditional sense of the word: hand-picked with the case that enormous wealth ensures, but bought for love, with patience and flair.

The most demanding among the handful of the top French dealers — whose knowledge in this area remains unrivaled — expressed admiration. Michel Meyer called the group "the cream of a quarter of a century's collecting with almost no mistakes, perhaps 3 percent, nothing of any consequence. Yet the success was any-thing but a foregone conclusion. In the past few months, transactions exceeding \$200,000 have been scarce in the trade, whether in Paris, London or New York. Simon de Pury, who became vice chairman of Sotheby's Europe in October and personally conducted an intensive promotional campaign for the sale, concedes that his own expectations ran only to a total of \$8 million to \$10 million.

MONG the factors that tipped the scales in the right direction was the presence in the collection of four of ihose pieces that can truly be called unique and that will get collectors into that state of obsessive excuement comparable with the addict's urge. Anyone who is seriously concerned about French furniture the world over was either in the room or on the phone to

Sotheby's agents.
Within the first 10 minutes, it became clear that the auction would fare well. Some decorathat the ancion would fare well. Some decora-tive objects went through the roof. A Louis XV mantel clock with a rimoceros perched on a stained horn base shot up to \$275,000, a large price equal to what a high-powered dealer might be charging. As the first lots of furniture came up, competition intensified. One of the weaker pieces sold without a hitch. Described



A Louis XVI-style commode, circa 1770, went at auction for \$1.98 million.

as a "rare Louis XIV ormolu-mounted, ebonized and fruitwood marquetry commode," but considered by some to be Dutch or English with ormolu mounts added later, it slightly exceed-ed the low estimate at \$176,000. The "rare Louis XIV" desk that followed, with fruitwood acquer, brass and pewter marquetry, is likely to be Flemish, Meyer says, noting the burgante lacquer border, "typical of Antwerp." This nearly made it to the high estimate at \$319,000.

Then came one of the greatest parities in the

collection. The small Louis XIV table with figural scenes featuring Chinese characters in stained horn, mother-of-pearl and brass mar-quetry belongs to a group hardly ever seen at auction. By coincidence, a specimen identical in design, but with different colors in the marquetry was in the Keck sale on Dec. 6, 1991, when it made \$962,500, far above the \$400,000 to \$500,000 estimate. The Oriz-Patiño piece, which carried a similar estimate, inched its way up to \$1.87 million, as dealers watched with a mixture of rapture — the market is alive — and peeve — none of them would dream of asking for such a price.

That settled the course of the sale, The rebound effect could be measured on the next lot, a pair of carved gilt wood ployants (stools) catalogued as French, late 17th century, but probably Northern Italian and somewhat later. Rare and superis, these went for \$253,000, more than half again above the high estimate. A splendid bureau plat done in the manner of André-Charles Boulle around 1710-1715 real-

ized \$770,00. It is close to one bought by the J. Paul Getty Museum from Meyer a few years ago. The glamorous parallel may have boosted

Soon it was the turn of the second great rarity. The marquetry jewelry cabinet, shaped like a small table carrying a casket, is of almost unparalleled fineness in execution, from the small gilt bronze sirens serving as mounts on the legs to the Chinoiserie scenes in marquetry. It rose to \$352,000, courtesy of the Paris dealer and Drouot expert Jean-Paul Fabre. When the third lot of paramount importance came up, William Redford, the dean of Londoo dealers in French furniture, presumably acting on behalf of a client, took over. He acquired the fantastic pair of Louis XVI commodes with Japanese lacquer landscape panels executed by Etienne Levasseur, for \$1.705 million, outhidding Jean-Marie Rossi, one of the Paris stars in the French furniture trade.

The apex was reached later, with a commode in the style conventionally called Louis XVI, although this one was designed around 1770 nder Louis XV. Its distinctive feature lies in the decoration of flower still lifes done by the painter Jean-Louis Prévost over the sycamore veneer. Of the eight pieces thus decorated on a sycamore ground, the commode appears to be the only one to have escaped adaptation. "A unique price for a unique piece," was Meyer's comment as the commode ended its upward course at \$1.98 million.
Thursday's sale of furniture from various

world. Of the 83 pieces offered, 39 were left unsold. Barbara Piasecka Johnson had consigned several of the most glamorous lots and ers is a well-known name. The heiress to the Johnson & Johnson pharmaceutical fortune made history in the last decade as she bought the most expensive 20th-century bronze statue and the most expensive Old Master drawing Raphael, an auction record that still holds). With Elisabeth Keck and Jane Wrightsman sbe was one of the three women who gave a decisive boost to French furniture prices in the 1980s.

But paying a maximum for nice pieces in the best auctions, or to the best dealers, is not per se a recipe for financial success when the crunch comes. At one point, four of the Johnson pieces failed to sell in a row. A Louis XIV Boulle table of the early 18th century acquired for \$220,000 at Sotheby's, New York, in October 1983, was bought in at \$325,000. A Boulle commode of the late 17th century, quite fine, fell at \$350,000, followed by a pair of Louis XV bergères, stranded at \$190,000. These came from Sotheby's New York auction of May 7, 1983, when they cost her \$203,500. A set of Louis XV giltwood chairs with the mark of Nicolas Quinibert Folliot, seen at Sotheby's Monaco sale of Dec. 4, 1983, where it made the equivalent of \$124,000, stopped dead in its tracks at \$140,000.

HERE were a few fortunate exceptions. An admirable Louis XIV writing table ("bureau plat") of hers. made in the boldest Boulle manner around 1700-1710, was a modest compensation for these and other failures as it climbed to \$935,000. A magnificent carved giltwood four-poster of the Louis XV period which tripled the igh estimate was a brilliant success story at \$440,000. Weighing against these were such nasty crashes as the "rare suite of Louis XVI boxwood seat furniture" bought in at \$275,000. This hardly came as a complete surprise. Many years ago, when they appeared at auction. Mey-er told his colleagues from Antiquaires a Paris. a loose dealer's grouping, that only two of the 10 seats were of the Louis XVI period; the others, he warned, were 20th-century copies.

When another dealer who bought them wanted to display the set in the 1978 Antique Deale.'s Biennale, the vetting committee threw it out.

French furniture is a difficult field, which requires years of visual training, preferably some firsthand acquaintance with restoration workshops and a sound understanding of or-molu (gilt bronze) fittings. A handful of collec-tors eventually qualify the world over. The others must rely on their lucky stars. On Thursday that star kept blinking, as will often happen

FOR SALE/SOLD

Sale of the lock: A lock of hair from the English romantic poet George Gordon Lord Byron is expected to fetch up to £500 (\$900) which it is sold at auction on June 22, according to the London anctioneer Bonhams. The twist of brown hair is tied to a loop with a green silk thread and framed in a silk-lined case. Byron gave the memento to a fellow student, John

Recounting the Civil War: A British reporter's unpublished account of the lighting in Virginia in 1862 during the American Civil War will be sold in London next month. Bonhams, the auctioneer, said it expected up to £3,000 for the 700page manuscript by Thomas Butler Gum. It is being sold by his descendants along with the two surviving volumes of the diaries, photographs and his drawings of Indians and battle scenes. Gunn reported the war for the New York Evening Post and the New York Tribune.
Party dress: An elaborately embroidered silk

dress made in Spain about 1775 was bought by the New York dealer Martin Kamer for £30,800, a record for any 18th-century costume, Sotheby's in London said. The floor-length brocade dress, richly decorated with butterflies and flowers, came from an unidentified Spanish aristocratic family and had a top presale estimate of £8,000. The auctioneer's costume expert, who called it "the ultimate party dress," hinted that the dress might be going to Japan, where "things that the West takes for granted are very appreciated."

No haramer for Goya: A canvas by the Spanish court painter Francisco José de Goya — the most important Goya to come on the market in 20 years — failed to sell at anaection by the Madrid house Edmund Peel, despite a bid of \$2.1 million. That bid was below the minimum set by the seller. The painting, "The Embroiderer — Juan Lopez de Robredo," is a three-quarter length portrait of Lopez, embroiderer to King Carlos IV. The painting has been included in every major Goya exhibition this century. It has an export license, allowing it to be taken abroad.

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SATURDAY-SUNDAY, MAY 23-24, 1992

ECONOMIC SCENE

Lawns and Dinner Tables Hold Homely Indicators

By Don Oldenburg

Washington Past Service

ASHINGTON — Government economists, who gauge their monthly forecasts on charts statistics and economic increases. have stimulated Americans' desire for better days with modestly upbeat analyses.

in April it was the good news of a "0.2 percent increase in the Index of Leading Indicators." March was giddy with the report from the Department of Commerce that "Americans' personal income rose 0.6 percent, to a seasonally adjusted annual rate of

What do these statistics mean to everyday life? Using such economic indicators as dura-ble goods orders, producer price index and gross domesthe receipion is over, even if

When weeds and macaroni-and-cheese abound, recession is still around.

the recovery has not conspicu-ously anised yet. But there are real-life indicators that are heard when ordinary people put their collec-tive earns the ground and listen for the sounds of the economic

squeezes and scrunches — or for a long sigh of relief.

"Obviously recessions aren't economic in nature only. They have social, political, moral and spiritual implications," says Gerald Celente, the director of the Socio-Economic Research Institute in Rhinebeck, New York, and publisher of The Trend Journal. "Our society relies too heavily on quantitative analysis

to give us answers."

Here is a sampling of some decidedly empirical indicators:

Some Americans habitually pick up coins from the ground. A larger percentage pass by permies but do not mind squarting in public for a nickel or more. Okay, so everybody has his price, and during recessionary times people's prices tend to drop.

In his running columns during the early 1980s, the late mara-

thon runner Jim Fixx noted that the coins he collected from roadsides while long-distance training proved to be a good indicator of bigger economic change. Few coins mean hard times;

many mean good times and less stooping.

A casual survey conducted on Washington and suburban sidewalks discovered a small yet seemingly significant increase in the daily average number of coins left unwanted over the past 10

When grocery money gets tight, Americans eat more macaroniand cheese. While economists argue the merits of such a statement, Kraft - the best-known maker of packaged macaroniand cheese-has watched its sales and market share for the highcarb product increase in the past two years...

We don't track our own performance to the economy, so you'll have to draw your own conclusions," says Nancy Nevin, manager of communication for Kraft General Foods Inc. in Northfield, Illinois, which introduced the first dry-packaged macaroni-and-cheese meal in 1937.

In 1991, Kraft's "dry pasta dinner" category of products, which includes our cheesy indicator, totaled a 380-million-pound (172 million kilogram) business. "That is a lot of mac-andcheese," Ms. Nevin says.

 Consory inspection of your neighbors' lawns is likely to turn up a frightening spread of weeds — in numbers and exotic varieties. The theory is that in prerecession years, the onslaught of lawn-debilitating weeds was more often hampered by herbicide applications or more benign methods.

But when discretionary income gets tight, professional lawn services often get trimmed from the budget. A spokeswoman for the Professional Lawn Care Association of America, in Marietta, Georgia, confirms that in every recent year until 1990, the

See SIGNS, Page 19

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CURRENCY RATES

OPEC Deal Stands to Underpin Prices

Compiled by Our Staff From Dispatcher
VIENNA — OPEC oil manisters agreed on Friday to freeze most members' crude output limits at current levels but to let Knwait in-

Industry analysts said the accord hammered

agreement as good news for oil companies, and Chevron, Texaco and Exxon led the Dow Jones industrial average moderately higher. Oil services companies suh as Schlumberger and Baker Hughes also rose.

Ministers emerging from Organization of Pe-troleum Exporting Countries strategy talks in Vienna said they had agreed to extend their

million barrels per day into the third quarter of

But Kuwait's oil minister, Hamoud Abdulla al-Rooba, said there would be no limits on the emirate's ontput as it rebuilt its industry after the devastation of the Gulf War.

lraq's oil minister, Osama al-Hiti, said he refused to sign the agreement because "the Saudis were dictating the positions" of other producers.

Paul Mlotok, head of energy research at Morgan Stanley & Co., said the deal would probably raise OPEC's production limit to about 23.5 million barrels per day in the third

If members exceeded their quotas at current

rates, actual output was likely to approach 24 million, he said, but he added that it was normal to build inventories in that quarter, "so the situation seems as if on an imofficial basis it will work out to about the right solution."

Prices will probably shake out "more or less around current levels," he said.

of at least \$21 a barrel, but above the prevailing prices in the first quarter and perhaps in the second quarter as well. OPEC's reference basket of seven crudes averaged only \$18.48 last

Delegates said Saudi Arabia, the world's targest crude exporter, with more than a third of OPEC's output, had wanted to raise production to help markets to prepare for what was likely to be brisk demand in the fourth quarter of the year.

Iran. OPEC's second-largest producer, argued vigorously against raising the output ceiling until prices got closer to the \$21 target.

But OPEC's two biggest powers signed the current deal, which included the same formal reservations they expressed in February when OPEC set an official output ceiling of just under 23 million barrels per day.

In fact, output by the 13-member producers' group averaged 23.3 million barrels per day in April. (Reuters, AP, Bloomberg)

leave just three major carriers.

too small to benefit from a full-court

marketing press. It does not restrict

flights to an efficient hub-and-spoke

system. And it does not even exploit

its outsider status and Sunbelt loca-

though, is to provide frequent, no-

frills service on busy routes at rock-

er low-cost carriers could find niches

If most specialists are more san-

expect, it is because they believe

competition among relatively few

airlines may be adequate to keep

Instead of looking at traditional

measures of industry concentra-tion, Mr. Winston and Steven Mor-

rison of Northeastern University

asked how many practical alterna-

tives there were for flying from

In their forthcoming book, "The

Evolution of the Airline Industry'

(Brookings), the two economists

distill this route-by-route compari-

son into an index of "effective com-

prices in line with costs.

point A to point B.

tion by paying nonunion wages.

bottom prices.

nopoly inquiry into Lloyds Bank PLCs proposed bid for Midland Bank PLC but allowed an offer by rival bidder HSBC Holdings PLC to proceed. Lloyds said it would not withdraw its proposed offer, despite the decision by the Department of Trade and Industry to refer its hos-

tile proposal to the Monopolies and Mergers Commission. A spokesman for Lloyds said the bank was "determined to make the

benefits of its offer available to the shareholders of Midland Bank," provided that Midland shareholders reject HSBC's offer and the bid is cleared by the U.K. antitrust ausays it is far from inevitable that a thorrities. market-driven consolidation would Lloyds, which is in direct compe-

ernment on Friday called for a mo-

tition with Midland in the British commercial banking sector, pro-posed a conditional offer for its Mr. Levine, who earned his sours as president of the now-defunct New York Air, is particularly inrival valuing Midland at a theoreti-cal £3.7 billion (\$6.75 billion), but trigued by the case of bitle South-west Airlines, which has the lowest costs and highest rate of profitabili-ty in the industry, because it is evihas made no formal bid as yet. Its proposal to launch a counterbid was conditional on both bids being dence that a well-managed airline treated equally by investigative can still succeed by casting itself in a fresh mold. Southwest, be notes, is

The department, meanwhile, said it had no objection on public interest grounds to the £3.3 billion offer made last month by HSBC Holdings, parent of Hongkong & Shanghai Banking Corp., for Midland, in which it already has a stake of aimost 15 percent.

What it manages to do very well, Mr. Levine is optimistic that oth-

To Lloyds Bid For Midland The EC Commission cleared LONDON - The British gov-HSBC's bid on Thursday and has already said it had no reason to investigate Lloyds's proposed bid. In its decision on Friday, the

U.K. Deals Blow

Department of Trade and industry said it believed that Lloyds's proposed acquisition raised competi-tion issues in the U.K. market for banking and associated services that deserve investigation by the monopolies panel. Lloyds said it "firmly believes"

that a Lloyds-Midland merger would be in the U.K. pubbe interest and is "confident that it can satisfy any issues that may be raised by the commission. The commission is required to make its report by Aug. 25.
Analysis called the government's

decision a setback, but said they expected Lloyds Bank to continue Nick Gough, an analyst at Coun ty NatWest, said he expected Lloyds to waive its own condition under

which it had said it would not bid for Midland if its proposal was referred to the monopolies commis-sion and HSBC's bid was not. "Clearly this is disappointing for

Lloyds, especially that the HSBC bid was not referred, but it is not the end." Mr. Gough said. Lloyds could use delaying tac-

tics, he said, such as taking the HSBC bid to the European Court in Luxembourg, which could take up to two years to investigate.

The bank also could call on the

We are obviously pleased at the U.K. authorities for an injunction DTI's ruling," an HSBC spokes-man said, "This means we can pro-holder grounds, Mr. Gough said. (Reuters, Bloomberg, AFX)

Skoda Seeking 1 Billion DM Through World Bank's IFC

PRAGUE — Skoda Automobilovy Koncern, the Czechoslovak carmaker that is partly owned by Volkswagen AG, is trying to arrange a 1 billion Deutsche mark (\$625 million) financing through the International Finance Corp., a company executive said Friday.

A Skoda spokesman, Jiri Hrabovsky, confirmed a report in the London-based magazine Euroweek that the project involved Deut-sche Bank, Dresdner Bank, J.P. Morgan & Co. and Credit Suisse First Boston. He said talks were recently held in Vienna with the four institutions and the IFC, a World Bank affiliate.

The bulk of the money would go toward a new car plant alongside an existing one at Mlada Boleslav. That plant turns out 180,000 Favorit models annually, and Mr. Hrabovsky said the company

This would leave prices below OPEC's target

crease production as its damaged oilfields came

out during two days of talks would probably keep oil prices steady for the next few months. Prices ended slightly higher on Friday. Light sweet crude for July delivery gained 4 cents, to \$20.94, a barrel on the New York Mercantile

The New York stock market viewed the

second-quarter production ceiling of around 23

By Peter Passell

New York Times Service

battle for mastery of the skies may

NEW YORK - The bloodiest

Many industry observers say the

steep cut in fares that American

Airlines initiated last month could

bury three competitors operating under the protection of the bank-

reptcy courts: Trans World Air-

lines, Continental Airlinesand

America West. And the cuts could

mortally wound two others, USAir

Could the struggle for the air traveler's dollar ultimately leave

just three behemoths — American Airlines, United Airlines and Delta

Air Lines — to serve the U.S. mar-ket? Market-minded economists

are scoffing no more. They now concede that further consolidation

But this does not mean that the

economics of air travel dictates

and Northwest Airlines.

is in the cards.

Big Airlines Needn't Be Bad, Experts Say U.S. Airlines' Market Share

The big three 56.4% Linited 18.6% Delta 15.5% The next three 29.0% Continental 9.9% - USAIT 9.9% Northwest 9.2%, All others 14.5%

large route systems linking cities through hub airports. It takes 10 planes to provide

some small, magic number of survivors. Indeed, many contend that a blind faith in the advantages of size has been the undoing of some of the giants of vesteryear. But most important, they are autiously optimistic that the spectacular progress in reducing the average fare and providing far more frequent service — improvements

that airline deregulation has brought consumers — will not be lost in the consolidation. And while these specialists are not looking forward to testing the proposition, many now believe that three to five national carriers, plus a few low-cost regional airlines, could provide all the competition

needed to preserve the fruits of One big result of deregulation

nonstop service simultaneously on 10 routes, notes Alfred Kahn, who, as the airlines' chief federal regulator in the 1970s, led the fight for deregulation. But the same 10 planes in the air, he points out, can serve 70 routes by shuffling all passengers through a central hub.

Most travelers, as well as big airlines, have been winners from

the rush to hub-and-spoke systems. If economists were surprised by these economies of scope, they were truly flummoxed by the success of marketing strategies, pio-neered by American Airlines, to take maximum advantage of size.

First on the list is frequent-flier benefits aimed at business travel-

ers. Then there are the industry-

for growing too big, too fast.
To Michael Levine, dean of

tems, installed in travel agencies by outside the path of a predator. the big carriers. Advantages achieved through guine about the industry's drift toward concentration than one might

size, in the view of Clifford Winston, an economist at the Brookings Institution, do not fully explain why so many carriers have bitten the dust in the last few years. Size alone, Mr. Winston notes, did not save Eastern Airlines and Pan American World Airways; nor did size spare Continental from banktupicy court.
The decisive factor in virtually

every failure, Mr. Winston said, has been the inability to aim at a lucrative market or to control costs in a business that operates on razor-thin margins. What all the battered carriers shared, he notes, was a penchant

Yale's School of Organization and was the economic advantages of wide computerized reservation sys- Management, overcapacity guaran-

petition." The index rose steadily from 1978, the year airlines were

wanted to raise output to 450,000 a year by the middle of the decade. Volkswagen AG acquired a 31 percent stake in Skoda in 1991, and

What Kazakhs Taught a Korean Would Make Lenin Smile

By Michael Dobbs

Washington Past Service ALMA-ATA, Kazakhstan — Min Bon Sik, a fastfood magnate from South Korea, arrived in Soviet Central Asia last year determined to spread the gospel of capitalism. He spoke in glowing terms of saturating the local market with Korean television sets and refrigerators, videocassette recorders and compact cars.

Mineral-rich but economically backward Kazakh-

stan seemed like the perfect partner for resource-poor but technologically advanced South Korea. A sparsely populated colossus, Kazakhstan occupies the geo-graphic center of the Eurasian landmass. Almost a year later, Mr. Min is seeking to reconcile

his dream of exporting Korean-style capitalism to Cen-tral Asia with post-Communist reality. He has quar-reled with his local partner. His factory has been picketed by angry workers, his office robbed and his electricity cut off. Containers of electronic components flown from Seoul have mysteriously disappeared.

"I sometimes get the feeling that I am surrounded by some kind of malia," Mr. Min said in a recent interview with the Moscow-based weekly Literaturnaya Gazeta. The main requirement for foreigners doing business here is patience - and still more patience." Nearly a year after Mr. Min first arrived in Almamarket, the sets are freely available - at twice the official price. And Mr. Min has temporarily returned to Korea to ponder his next move.

The tribulations of the fast-food king, whose bearded face adorus thousands of stuffed-bun outlets in South Korea, have attracted considerable interest here as Kazakhstan attempts to shake off its Communist past and open up to the outside world. Some local newspapers have depicted him as a knight in shining armor doing battle with corrupt apparatchiks. Others describe him as a capitalist shark.

The immediate result of his quixotic quest to provide every Kazakh family with not just one but two color television sets has been a fascinating experiment in culture shock - a clash of decaying socialism and pascent capitalism, of the forward-looking philosophy of Korea and the we-want-it-now mentality of the former Soviet republics.

Anatoli Medvedovsky, deputy director of the Kazakh Radio Engineering plant and Mr. Min's local partner, complained that "the Koreans are always telling us to take a farsighted view, but I have to feed my workers now. If we were at the same level of have plenty of them already, and it's impossible to do capitalists. Some workers miss the more paternalistic economic development as Korea, we could afford to anything with them," Mr. Medvedovsky said. "Like atmosphere of Soviet factories.

well in the future, they would just laugh in my face. That's what the Communists have been telling them for the last 70 years."

When Mr. Min visited Alma-Ata last summer, the

Kazakhs rolled out the red carpet. A deal was quickly concluded setting up Kazakhstan's first Korean res-taurant and a television factory. In both cases, the Koreans were to provide management expertise and essential components. The Kazakhs would provide labor and suitable sites for the joint venture. At first, everything went smoothly. But at the televi-

sion factory, things went wrong as soon as the first sets began rolling off the sparkling new production line. Under the agreement, the "profits" were to be split 51 percent to 49 percent in favor of the Koreans. Mr. Min interpreted "profits" to mean rubles gained from sell-ing the television sets on the local market.

As central planning disintegrated and the value of the ruble plummeted, barter became the principal method of business in the former Soviet Union.

"Naturally, we have no interest in paper rubles. We

Ata, it is still practically impossible to buy any of his think 10 years ahead. But if I tell my people that they everybody else, we expect to be paid in the finished television sets through official retailers. On the black have to make even more sacrifices now in order to live product — in this case, television sets." Production ground to a standstill as people began

arguing over how the sets should be distributed. Ev-eryone in Alma-Ata, from trade union officials to the local police chief, seemed to think they had a right to a certain number. "The Koreans want to produce as much merchan-

dise as possible in order to saturate the empty Soviet market," said Mr. Samoilenko, who has championed Mr. Min's cause in Literaturnaya Gazeta. "The Soviet mentality is quite different. Our bureaucrats and factory managers make a living out of supervising the distribution of scarce resources." Various methods were used to persuade Mr. Min to start doing business the Soviet way. The director of the

Radio Engineering plant told his workers that the Koreans were refusing to hand over television sets. They responded by picketing the joint venture. The outcome was predictable. Mr. Min caved in.

The Soviet partners in the joint venture are now paid in television sets rather than rubles.

After a early burst of enthusiasm, many Russians and Kazakhs have cooled to the idea of working for

Fed's Steady Stance Prompts Concerns

INTEREST RATES | Dollar | D-Mark | France | F ECU SDR 18-18% 5% 10-18% 6% 10-18% 6%

U.S. Money Market Funds **Key Money Rates** Telerate Interest Rute (pdex: 3.35) Asian Doller Deposits Home Keng 37.25 Luxenthours 37.20 Paris (12.5 kilo) 20.10 Zurich 27.40 Leedon 27.20 Hew York — Luxembourg, Paris and Landon afficial fo-lays: Hong Kang and Zorich abening and closing prices: New York suat market close. All prices in U.S. 5 per ounce.

Washington Post Service
WASHINGTON - White House officials, analysts and economists are at odds over whether the Federal Reserve's apparent decision not to cut short-term interest rates further anytime soon was the right move.

Administration officials are concerned that the Fed's reported decision this week to leave

By John M. Berry

rates steady as long as the U.S. economy continues its gradual expansion could cause the recovery to peter out, as it did last year. Treasury Secretary Nicholas F. Brady said he believed more rate cuts were needed "We're on the road to economic recovery in the United States," Mr. Brady said. "It's very clear. The statistics are showing that. But we can't repeat what we did in 1991 when the Fed shrank the money supply as growth start-

ed to emerge."

Other analysts, however, contended that the U.S. economic outlook was good enough that rate cuts were not needed now. Furthermore, analysts said, some of the problems holding back the economic recovery, such as the huge overhang of empty office buildings, would not be helped by lower short-term rates. The decision to hold short-term rates

steady was reportedly made Tuesday by the Fed's policy-making Open Market Commit-tee, but it has not yet been announced. The central bank has not moved to reduce rates, lending credibility to a published report that said the panel had decided not to do so. Many traders had bet that some recent economic statistics, such as a sharp decline in housing starts in April, would cause the Fed to cut rates following Tucsday's meeting. Lyle E. Gramley, chief economist of the

Mortgage Bankers Association of America and a former Fed board member, was among those questioning the Fed decision.
"It wouldn't have been my choice," said Mr. Gramley, who said he expected the economy to grow at a 2 percent to 2.5 percent annual

Some of the problems hampering the recovery may not be helped by lower short-term rates.

rate for the rest of the year but worried that, "I think the risks are principally on the downside," Mr. Gramley said. "The recovery in housing is likely to be rather feeble. The rise in consumer confidence is not strong and it is barely back to where it was a year ago."

"I don't see how a group of policymakers could look at all of the statistics and decide this economy's out of the woods," he said. Michael J. Boskin, chairman of the president's Conneil of Economic Advisers, also was cautious. In a speech Thursday, Mr. Boskin said that after a flat period last au-tunn, the economy had "resumed a pattern of more robust growth."

Largely because of the stronger first quar-ter, Mr. Boskin said the administration has begun revising its economic forecast to show more than the 2.2 percent growth for 1992 that it predicted in January. But Mr. Boskin said later that while the coming upward revision in the forecast "is

the best outlook, there are still serious con-

cerns about adequate money and credit growth, among other things." He declined to comment specifically on the Fed's decision. On Friday, Lawrence B. Lindsey, a Fed governor, said the economy had entered a new growth phase. Mr. Lindsey said in a speech to the U.S. Civil Rights Commission that the Fed must contain inflation if the

economy is to grow strongly in the long term. Other analysts said they were much more comfortable with the Fed's decision not to reduce its target for the federal funds rate, which was lowered to 3.75 from 4 percent percent early last month. The federal funds rate is the rate banks charge each other for overnight loans.

Some pointed to the Labor Department's report on Thursday that initial claims for unemployment benefits fell to 406,000 in the week ended May 9, well below the weekly level of more than 450,000 earlier in the year, as evidence that faster growth has improved conditions in the labor market. "My feeling is that the Fed should be

holding tight on their policy for a while," said Sam Kahan, chief economist at Fuji Securities Inc. in Chicago. "First, the economy is growing; we have had a full year of positive growth," he said, as shown by figures for inflation-adjusted gross domestic product.
"Second, in the current environment, the

don't think we can get growth of more than about 2.5 percent." If short-term rates were lower, Mr. Kahan said, it would create trouble later on in terms of inflation. The difficulty is for everyone to learn to live with modest growth until the maladjustments correct themselves," he said.

kind of structure the U.S. economy has, I

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NOTICE TO THE UNITHOLDERS OF

MAT GROWTH FUND The Management Company of MAT GROWTH FUND has decided with effect from 7th May 1992, to suspend temporarily the determination of the net asset value and, in consequence, the issue, redemption, exchange and conversion of units of MAT GROWTH FUND European Small Cap.

The reason for this suspension is due to the fact that the disposal of the assets of the sub-fund, further to an important application for redemption of MAT CROWTH FUND European Small Cap Units, was not reasonably and normally praticable without being seriously detrimental to the interests of the unitholders. The termination of such suspension shall be published in the 'Internation-

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NYSE Indexes

1,04

Rise in Oil Shares Pulls Up Blue Chips

Friday in light trading, buoyed by gains in the government bond maringt pumped up the stock prices of and Treasury bond yields rose.

MARKET DIARY

The Dow Jones industrial average advanced 8.06 points, to 3.386.77,

N.Y. Stocks

with Chevron, Exxon and Texaco accounting for much of the rise, Oil stocks rallied after the Organization of Petroleum Exporting Countries decided to leave third-quarter oil production at about 23.5 million narrels a day.

Advancing common stocks ournumbered declining issues by about a 4-to-3 margin on the New York Stock Exchange, Trading was prices. the third lightest this year, with about 148.82 million shares changing bands down from 182.19 milhon on Thursday. Many traders were absent ahead of the three-day Memorial Day weekend.

interest rates," said Hugh Johnson.

Thursday, stock prices floundered NEW YORK - U.S. stocks rose after a news report said the Fed had no immediate plans to cut rates. Many people had expected the Fed ket and by an OPEC agreement to lower rates, so stocks declined

> Friday, the opposite occurred. Stocks rose and bond yields declined on the realization that the Fed is being astute, Mr. Johnson said. "By taking no action, the Fed is showing its commitment to making sure inflation doesn't rise," he said. The yield on the 30-year bond closed at 7.82 percent, down 4 basis

points on the day. "Today was a day for the oils," said Robert Robbins, market strategist at Robinson-Humphrey. "The OPEC accord is a big positive because it puts a floor under crude

Chevron rose 1% to 69. Mobil gained is to 63%. Royal Dutch Petroleum increased 11: to 84% and Atlantic Richfield rose 1% to 111%.

Federated Stores rose % to 1212. or \$1 above the company's sale price "Maybe it's better for the stock for 40 million shares of common market if the Fed doesn't lower stock. Federated was recommended for purchase by an analyst at Saloinvestment strategist at First Alba-mon, who cited the company ny Corp. "It's definitely good news strong base of department stores for the bond market."

Dollar Fails to Hold Gains Against the Mark

NEW YORK - The dollar ended mixed Friday against other major currencies, unable to bold onto early gains against the Deutsche mark. There's general disappointment that the dollar did not manage to

carry through on the top side." said

The dollar rose early in the session after better-than-expected Ger-

Foreign Exchange man inflation data lessened the

prospects of a Bundesbank rate in-The M-3 measure of the German

money supply grew an annualized 8.8 percent in April from the fourth quarter of 1991, down from 9.4 percent in March and below forecasts of 9 to 11 percent growth, Many traders said the data great-

ly reduced the chances of a rise in the German Lombard rate, now at 9.75 percent, while some said talk about the timing of a credit easing had surfaced again.

The data helped the dollar rise against the mark in London, climb-ing as high as 1.6242 DM. But traders noted that the currency hit re-sistance at 1.6250 DM and fell back. The dollar closed in New York at 1.6155 DM, down slightly from 1.6168 DM on Thursday.

The U.S. currency also stood at

and at 1.4860 Swiss francs, up from 1,4848 francs. Against the French currency, it fell to 5,4325 francs from 5.4335 frames.

The British pound slipped to \$1.8155 from \$1,8160. British and U.S. markets will be

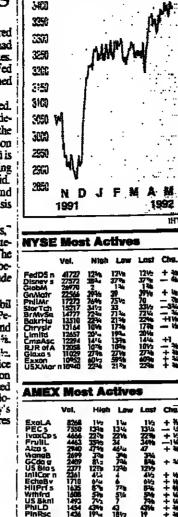
closed Monday for bolidays, and many players moved to square their books and limit their exposure to any sudden events over the weekend, analysis said. Trading was light and dominated by technical

Analysts said the dollar will continue to be weighed down by the 6 percentage point spread of German interest rates above U.S. rates. The chances of this premium narrowing during the next few months is slim, they said.

German M-3 growth still exceeds the Bundesbank's target range, while credit growth remains robust. Meanwhile, the U.S. economy shows little sign of expanding rapid economists said.

"Until we get definite signs that a sustainable U.S. economic recovery is under way," the dollar is unlikely to sprint ahead, said lan Blance, economist at Nikko Securiues (Europe).

In London earlier, the dollar was mostly higher. It traded at 1.6180 DM. up from 1.6165 DM on Thursday, but fell to 129.40 yen from 129.25 yen, down from 130.00 yen, 130.20. (Reuters, UPI, Bloomberg)



NYSE Diary

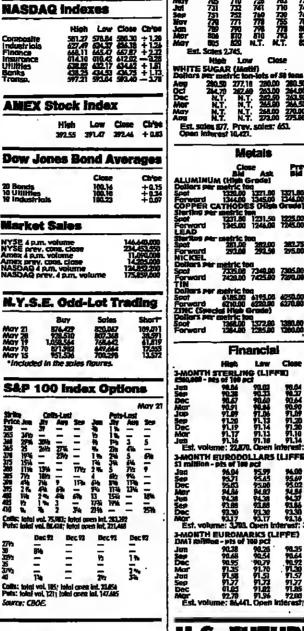
Amex Diary

NASDAQ Diary

The Dow

Daily closings of the Dow Jones industrial average

AMEX Stock Index Dow Jones Bond Averages Market Sales N.Y.S.E. Odd-Lot Trading 109,01 38,59 61,819 17,553 13,572 S&P 100 Index Options 15 6 9 111 173 64 676 13 175 276



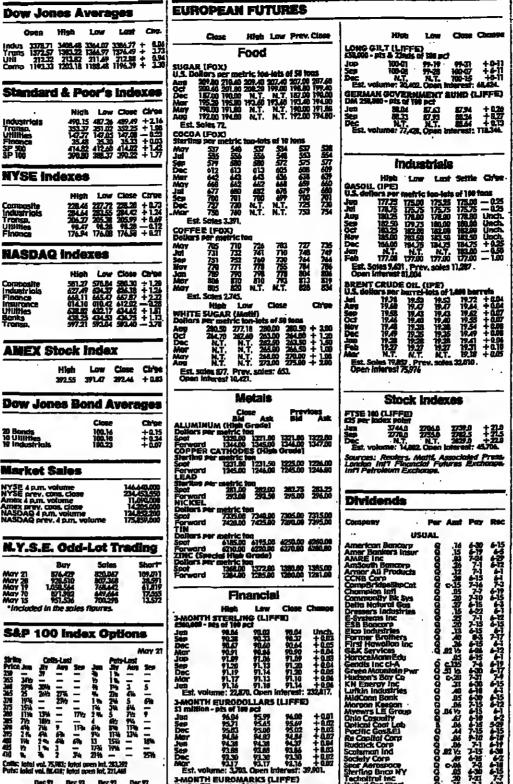
FARES: Is Big Necessarily Bad?

high as it was in 1984.

Why is this? The hub-and-spoke, systems that have played a role in dooming less agile carriers have also given most travelers who live outside the catter hub cities the option of making onestop trips through a choice of hubs.

(Continued from first finance page) cisco. Only USAir flies nonstop. deregulated, through 1986. It has But travelers can also make the trip since retreated a bit, but remains as through Denver on United or Continental, through Phoenix on America West, through Dallas on American, through Minneapolis on Northwest, or through Salt Lake City on Delta.

There are some routes - especially short routes from hubs to Take the route between two non- nonhub cities - where prices do hubs. Kansas City and San Fran- seem out of line.



GM to Discipline Dealer for Frand

FORT WAYNE, Indiana (Bloomberg) — Robert C. Stempel, chairman of General Motors Cosp., told shareholders Friday the automater intends to discipline employees of its financial subsidiary who may have allowed an auto dealer to defraud the company of about \$436 million. The GM car dealer, John McNamara, of Port Jefferson, New York, was arrested on April 15 on charges of definating General Motors Acceptance Corp. of \$436 million by pretending to export thousands of vans to the Middle East that supposedly were castomized by a company in Indianapolis, which has turned out not to const. GMAC, which claims it was the "victim of a well orchestrated plan and a well executed friand," disclosed last mouth that a \$275 million pretax loss in the fourth quarter of 1991 was related to Mr. McNamara, who is free on \$360 million bail of 1991 was related to Mr. McNamara, who is free on \$300 million had.

Mr. Stempel also told shareholders that his recent structural changes would increase productivity 7 percent to 8 percent a year and allow GM to use 100 percent of the units' capacity by 1994.

MGM Goes Back to Being Just MGM

CULVER CITY, California (UPI) — The name MGM-Pathe Communications Co., taken on during the turbulent tenune of former carner Giancario Parretti, has been champed in favor of the original Metro-Goldwyn-Mayer Inc., the studio said Friday.

The MGM name dates back to 1924 when Marcus Loew brought ogether the Metro film studio, Goldwyn Pictures Corp. and Louis B.

The Metro-Goldwyn-Mayer name was last used by the company in 1980. It subsequently because MGM-UA Communications as a result of acquisition by the studie's owner, Kirk Kerkorian, of some of the assets of United Artists.

Indian Court Orders Carbide Seizure

BHOPAL India (Renters) - An Indian court on Friday ordered science of a \$2.3 million dividend accrued to the U.S.-based Umon Carbide Corp. from its stake in its Indian subsidiary between 1984 and 1991.

The ruling was handed down by Chief Judicial Magistrate Gulab Sharma. The multinational company has a 50.9 percent stake in Union Carbide India Ltd., owner of the chemical plant in Bhopal that spewed out poison gas that killed more than 3,800 people in December 1984.

Northwest Brakes East Coast Growth

NEW YORK (AP) — Northwest Airlines, which added flights at Washington National Airport after the demise of Eastern Airlines last year, said Friday that on July 1 it will reduce its number of daily flights in and out of Washington National to 30 from 48. Northwest said it would use the planes to increase service elsewhere, but the pullback from Washington demonstrates that Northwest's efforts to expand on the East Coast did not work.

Court Upholds Micro's Chip Right

SUNNYVALE, California (Bloomberg) — California Superior Court Judge Read Ambler on Friday upheld Advanced Micro Devices Inc.'s rights to manufacture its Am386 microprocessor.

Judge Ambler upheld a Feb. 24 decision by an arbitrator who awarded AMD the rights to the device, which Intel Corp. claimed infringed upon the feet to the device are judge Ambler also preferred the

the patents for its 80386 microprocessor. Judge Ambler also sustained the arbitrator's award of \$15 million in damages to AMD. Intel said it would appeal the decision to the state Appellate Court.

For the Record

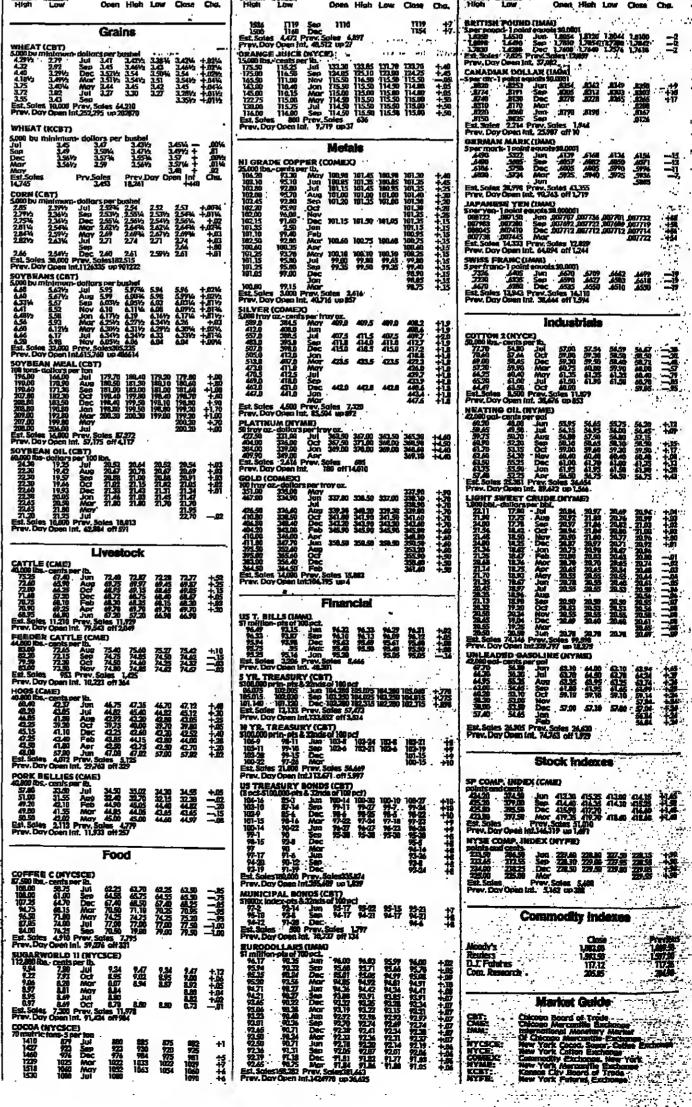
Johnson & Johnson said it acquired marketing rights in more than 70-countries to the Savion over-the-counter products line of London-based Imperial Chemical Industries PLC. (Bloomberg)

RAL

Negotiations over a possible merger of Kidder, Peabody & Co. with Smith Barney, Harris Upham & Co. collapsed. Differences over price, as well as structural problems involved in a merger of part or all of the two firms, apparently prevented an agreement. (NYT)

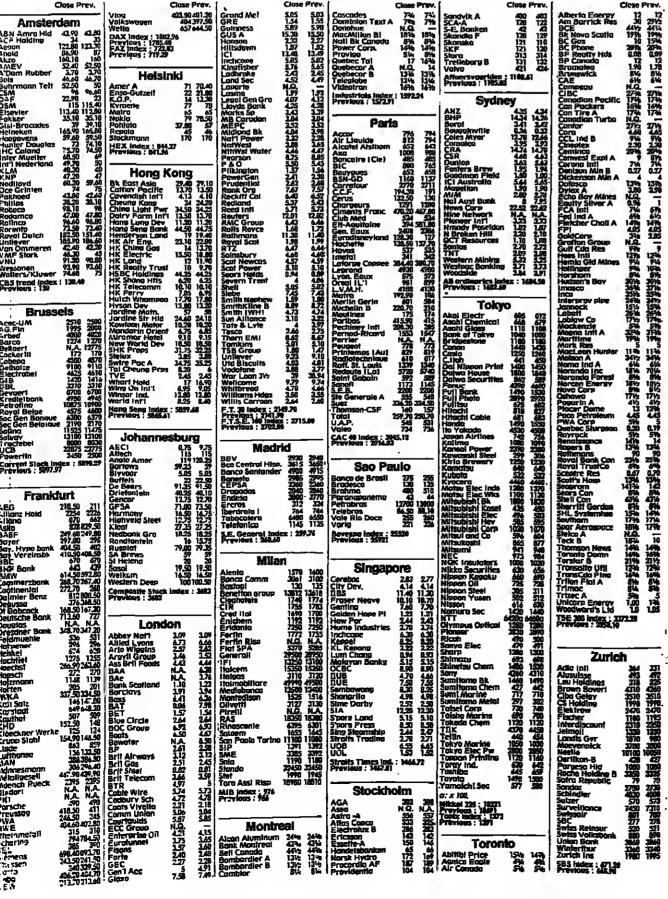
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WORLD STOCK MARKETS



EC Clears Krupp Takeover of Hoesch

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ETAN AT LITTERED.

PSSEN, Germany — The EC Commission on Padky approved the takeover of Hoesch AC by mother German steelmaker, Fried Krapp AC; and the two companies anomalies terms for the deal that indicate a numerod terms for the deal that indicate a value of 13 billion Deutsche marks (\$8.04

billion) for the combined company. in directly, the European Community's executive body said the merger would not the state of the original has create or strengthen a dominant position in steel and was therefore acceptable under combinion critics of the Function ion rules of the European Coal and Steel Community Treaty. The joint company would be smaller than four other EC steel-

makers, the commission said.
In a joint statement, Krupp, based in Essen, and Hoesch, based in Dortmund, said A COLUMN TO SOME OF LINE COMPANY AND A COLUMN TO SOME OF LINE COLUMN TO SO Horself charcholders would receive 13 Krupp shires for every 10 Hoesen shares, plus a cash payment of 6 DM for each Hoesch share. The statement said the share ratio was calculated on the basis of company valua-tions compiled by independent auditors, the opposites capital bases and Krupp's stake

Service of Friday ordered to Service of Friday ordered to Service of Umon Carbide to Service of Mariena Mariena of Mariena Mariena of Mariena Mariena of M of 5) percent in Hoesch.

The communes did not say what those valuations: were, but sources close to the merge depointations said Hoeach and Krupp have roughly the same value if Krupp's stake in Heaches excluded.

in Heaches extranse.
The stages said independent auditors valued the stages and independent auditors valued the stages including its stake in Hoesch.

German stock markets reacted positively to the news, driving Hoesch shares up 2 DM, to close at 272 DM, in Frankfurt.

Krapp, privately held, is not yet listed on the stock market, but shares in its 95 percentheld steel subsidiary, Krupp Stahl AG, jumped 8.40 DM, to 154.90 DM each. An adviser close to the negotiations said the listing of Fried, Krupp shares on the stock

Terms of the deal, a 13for-10 stock swap with a cash sweetener, indicate a combined company value of 13 billion DM.

exchange was being prepared. No final price had been set for Krupp shares, although the proposed share swap, which must be ap-proved by shareholders, would imply a

Krupp price of around 212 DM.
The sources close to the negotiations also said that two main shareholders - the Krupp family foundation and the government of Iran — would jointly own a stake of more than 75 percent in the new company that is to

be set up through the merger.

Alfred Krupp von Bohlen md HalbachStiftung, which had a stake of 74.99 percent in
the old Fried. Krupp, would own more than 50

hold about 25 percent. Iran has held a stake in Krupp since the days of the Shah,

Krupp launched its surprise bid for Hoesch last October after accumulating 24.9 percent of Hoesch shares. In December, it announced had more than doubled its stake.

Hoesch was initially cool to the merger, but eventually acquiesced. The deal has been approved by Germany's Cartel Office.
Friday's joint statement said the merger was being carried out as a balanced integra-tion, and noted that Krupp had agreed that Hoesch's name would be represented in the

name of the merged concern.

The statement said intensive negotiations were under way about the structure of the

new company. A restructoriog plan developed by Hoesch's management board chairman, Kajo Neukirchen, and unveiled just days before Krupp launched its bid would play an integral role, the statement said.

It repeated that the merger would in time result in annual savings of about 460 million DM. It would also result in "interesting future prospects for workers, customers, suppli-ers and banks," it added.

Unions have expressed fears that the merged company will make its cost savings by cutting large oumbers of jobs.

The companies said Krupp had raised its nominal capital base by 70 million DM, to

770 million DM.

Agnellis Buy 2% Stake In Accor for \$58 Million

PARIS — A holding company affiliated with Italy's Agnelli family has bought a 2 percent stake in Accor SA for 70 billion lire (\$58 million), the French hotel group said Friday.

A spokesman for the holding company, known as IFIL, said the purchase on the Paris Bourse had been made with Accor's approval over the past few months, and that IFIL would have a seat on the Accor board.

The move by the Agnellis, wbo control the Fiat industrial empire, marks the family's first move into France since another of their companies retreated from the Perrier takeover battle in March and left the mineral water company to Nestle SA. The Agnellis coded up, however, with control over other assets of Perrier's top shareho Exor SA, including the Châtean

Margaux wine business. The stake announced Friday strengthens a relationship between IFIL and Accor that began two

stake in Accor's Novotel Italia unit. The two joint ventures will merge this year, creating a group with eight existing hotels and six under construction, IFIL said. The group will have 2,300 rooms.

Accor's stock gained 2 francs, to close at 796 francs a share, on the Bourse. Accor, which is acquiring Compagnie Internationale des Wagons-Lits & du Tourisme, has said it expects to increase its net profit 10.7 percent this year, to 1.05 billion francs (\$193 million). In addition to its Novotel hotels, it runs

Cure names. In Milan, IFIL reported sensrately Friday that its consolidated net profit for 1991 had risen 42 percent, to 162.5 billion lire. The holding company attributed the increase to an expanded presence in the hotel and food sectors.

chains under the Sofitel and Mer-

IFIL, whose full name is IFIL-Finanziaria di Participazioni SpA, controls Fiat SpA together with its

parent IFI SpA.
IFIL raised its dividend on comyears ago when the two set up the mon stock 8 percent, to 130 lire a Sifalberghi joint venture to build share, and it raised its savings stock and manage hotels in Italy. IFIL last year acquired a 50 percent share. (Bloomberg, Reusers)

Fokker Seeks Leading Role

AMSTERDAM - Fokker NV, the Dutch aircraft manufacturer,

is insisting on the leading position in any consortium that results from negotiations with other European aerospace companies.

"Fokker will be the lead company in developing, building and

selling aircraft," no matter how the consortium is structured. Bart van Veen, a Fokker spokesman, said Friday.

The comments followed an announcement late Thursday that

Deutsche Aerospace AG would take a 51 percent stake in Fokker.

weeks ago. Since then, Aerospatiale of France and Alenia SpA of

Italy have expressed an interest in forming a consortium. Fokker

Fokker began partnership talks with the German company six

Frankfurt Landon DAX CAC 40 FTSE 100 Index 2700 2100-2009 183 1991 288 D' J F' M A' M Exchange Friday Close Index Prev. % Change Close Amsterdam CBS Trend 130:4R 130.00 +0.31 5.898.29 5.897.97 +0.01 1,802.96 1,785.48 Heteinki HEX 844.27 +0.27 Financial Times 30 2,149.70 London +0.36 2.141.90 2,715.00 ondos FISE 100 2,702.00 +0.48 General index 260.60 -0.32 976.00 966.00 +1.04 Parts CAC 40 2.045,12 2,016.83 +1.40 Affansvanden 1.108.61 1,105.02 +0.32 Stock Index 443.78 +0.03 Zweich. 989 668.98 668.90 Unch.

Investor's Europe

Very briefly:

 Volvo's acquisition of the operating assets of its independent British passenger car importer and distributor, Volvo Concessionaires Ltd., was approved by the EC Commission.

Sandvik AB, the Swedish steel and tool maker, reported on Friday a 16 percent fall in first-quarter profit, to 472 million kronor (\$79 million), on sales of 4.16 billion kronor.

Airbus Industrie is seeking customers for its planned A-319 jet, a shortened A-320 that will carry 124 passengers, with a range of up to 4,000 kilometers (1,400 miles), and hopes the plane will enter service in 1995.

• Lasmo PLC said it sold 10.1 million shares in Lasmo Canada Inc representing half its 57 percent shareholding in the company, for 8.25 Canadian dollars (\$6.86) a share, or a total 83.2 million Canadian dollars.

 The Confederation of British Industry forecast the British economy would return to growth in the second quarter of 1992 and expand 0.9 percent for the year, but it did not predict a fast recovery from recession. Paris dealers appliated the end next month of the daily fixing sessions of foreign currency that had been held for the last 15 years in a special room at the Paris Bourse, to be replaced by a daily list of reference rates published by the central bank at 4;30 P.M. local time.

Bloomberg, AFX, Reuters

German Data Cheer Markets, but No Rate Cut Seen

which added fights a class of Eastern Airnes to Northwest and it was a common of the pulled for FRANKFURT -- German financial markets immped on Friday Ads Micro's Chip Right

California Superior Car

Traday of the Advanced Micro Device ky in response to a sharp slowdown in growth in money supply. But both the Bundesbank and the economics. minister, Jurgen Möllemann, said no rapid relaxation of tight monetary policies could be expected.

The central bank announced that M-3 money supply, a barome-ter of fature inflationary trends, had name at an annual rate of 3.8

percent in April. That was well be-

low the 9.4 percent rise in March. rates on signs that inflationary to 5.5. percent growth target the pressures might be easing, reacted central bank has set for this year.

Bunds futures prices surged to a high of 87.93 from an 87.64 opening and the news helped the 30share DAX index jump above the 1,800 barrier for the first time in 21 menths, closing up 17.48 points, or 1 percent, at 1,802.96.

Still, the Bundesbank warned Stock and bond markets, scent- that M-3 growth remained robust ing lower Bundesbank interest and clearly outside the 3.5 percent

> Mr. Möllemann, speaking at a working session of the French-German summit meeting in La Ro-chelle, France, said Bonn's prob-lems with inflation and the cost of rebuilding East Germany left no room for cutting interest rates as France and others of Germany's European partners would like.

markets noted that the Bundesbank had indicated via its open market transactions on Friday that it had no intention of allowing any significant drop in prevailing short-term inter-

"There is no reason for the Bundesbank to alter monetary policies. It will stay restrictive," Hermann Remsperger, chief econ-omist at Berliner Handels- &

ket's upward swing.

1980s will follow suit.

But now that Japanese stock

over; meanwhile, the old low-cost

bonds mature in July. So Toyota is

giving up its cut-rate funding -

Japanese companies that used simi-

lar financing methods in the late

According to Sanwa Bank, \$186 billion in equity-linked bonds is-

sued during the bubbly 1986-89 pc-

those interviewed identified them-

selves as drinkers, up from 57 per-cent in 1990. It is the highest drink-

ing figure since the recessionary year 1981 when 70 percent said they

Another old standard is the bar

rule: During good financial times

bar patrons more often include both sexes; when times are rough, men more often head to bars by themselves. The Gallup Poll noted

that while more Americans are

again drinking alcoholic beverages, fewer women are drinking than a

sometimes drink a bit.

Typically in hard times, liquor is decade ago — with 42 percent of among the last luxuries to go. In February, a Gailup Poll found that abstinence."

said other companies would be allowed to join only if they did not Frankfurter Bank. develop competing aircraft.

(Continued from page 1)

the financial world by issuing \$800 million worth of bonds with an interest cost of just 1.14 percent.

Raising money at such a ridicu-lously low cost was possible at that time because the Tokyo stock marcome more level. ket was surging, and Toyota could entice investors to buy its bonds by giving them special rights to buy its shares and thus profit on the mar-

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tal" wrote Richard P. Mattione Tokyo-based economist for J.P. Morgan & Co., in a study last month. Today, one must turn the question around: Does Japan suffer a cost of capital disadvantage

The answer, Mr. Mattione concluded, is yes; for the first time in years, Japanese companies actually have to pay more to raise money than U.S. companies do — although the disadvantage Japan now suffers "is very modest," com-

Adidas Cutting 500 Jobs in France

LANDERSHEIM. France - The sporting goods manufacturer Adidas AG, controlled by Bernard Tapic, is to cut 499 jobs at four sites in eastern France, the management of its French arm said on

The plants, run by Adidas-Sarragan-France, now employ 1,400

people making sports shoes and balls.
Adidas, based in Herzogenaurach, Germany, announced this week a halving in net profit, to 44 million Deutsche marks (\$27.3 million), in 1991. Mr. Tapic, the entrepreneur who is the French government's minister of urban affairs, last week denied newspaper speculation that he was considering pulling out of Adidas.

TRADE: Resistance on GATT Despite Breakthrough BONDS: Japan Bids Farewell to Low-Cost Borrowing

(Continued from page 1)

personal state of London bell and a London bell providing merger : Nadort Peabody & Cari President François Mitterrand told Treasure & Children Ces Over point a reporters in La Rochelle, France, where he was incoming with Chan-cellor Helman Kohl. "I absolutely cannot set a date." Mr. Delors is president of the EC Commission. Mr. Kohl called for "a compromise from other GATT negotiating partners." Jürgen Möllemann, Germy's economics minister, said

the United States should now show necessary cooperation in areas which are still open, especially services and intellectual property."

But Louis Marmas, France's farm manager, held out tout hope for an early breakthrough. He contended that no agreement was possible until after the U.S. presiden-

tial dection in November. White House is not prepared to run the risk of rejection of a GATT package in Congress this year, paright direction," a senior trade offiicularly, as, the United States is
tantalizingly close to a North

This is extraintly a step in the
we are not completely happy,
he said, "bot at least it's a change in
icularly, as, the United States is
to turn into yet another disappointto turn into yet another disappointlooks like it might stop at last."

Succ during the bubbly 1980-89 poriod are coming due in the next
four years, \$75 billion of them in
1993. So while Toyota may be one

have been kept: The industry magazine that did the survey went

out of business," she says.

Deb Strohmater, manager for public relations for ChemLawn

Corp., a weed-killer and lawn-fer-

tilizer service in 44 states and Can-ada, reports, "Our numbers are off.

We've gone down the last couple of years, mach of it'due to the reces-sion. The company's net sales in 1990: \$382 million. In 1991: \$355

million. "It's really scary," she says.

When life is made challenging by evading bill collectors and juggling checkbooks, many Americans get religion. The head-counters at Gal-

American free trade agreement with Mexico and Canada that would also have to run the legislative ganntlet. Nor would President

SIGNS: Weedy Lawns, Stray Pets Give Homely Evidence of Hard Times

(Continued from first flaunce page)
industry graped increasing profits.
Since these, however, no statistics

"steady upturn in religious behavior and artitudes," a 2 percent leap to faith between 1990 and 1991 in

This is evident in the humber of "drinkers," Americans are returning to alcohol

George Bush's advisers want him to become the focus of any dispute over the pact during the presidential campaign.

U.S. officials insist that they are

still ready to cut a deal, as long as it can be sold as benefiting American farmers and business interests. "We really have to get a GATT agreement done," Barbara Frank-lin, "U.S. secretary of commerce, said in an interview earlier this

week. The sooner, the better." Talks between EC and U.S. trade negotiators will resume next week in Washington.

people who said religion was "very

Economically strapped Ameri-cans sometimes dump the family dog. "Yes, the numbers are up

when economic times are hard," a

spokeswoman for the American

Humane Association, headquar-tered in Denver, says of abandoned

When you wake up in the moun-ing with the phrase "every day low price" singing in your head, you know it's still the recession. Ads

Long-waiting officials at the Ge-Many analysts agree that the neva-based GATT did not know Friday whether to laugh or cry. "This is certainly a step in the

ment, well, we'll just have to wait Arthur Dunkel, GATT's direc-

tor-general, was characteristically

Every step taken by participants in the Uruguay Round which contributes to the objectives of the overall agricultural reform package under consideration in Geneva has to be welcomed," Mr. Dunkel said. "But, of course, the other participants in the round will wish to look prices have collapsed, that game is very closely at the Community's decisions as part of a continuing multilateral negociation."

John Kerin, trade minister of Australia, held out hope that the EC decision, for all its compromises, signaled a fundamental

"We are not completely happy,"

ter wars that have bloodied the top

American fast-food restaurants.

But The Trends Journal notes a

positive indication emerging from the golden-arches mentality: "Af-

ter nearly a year of overty aggressive discounting, most of the big names are increasing prices on in-

dividual items, touting the higher end of their menus and steering customers to higher-margin combi-nation dinners," it reports. So the

stronger the recovery, the less you

of the first, and the biggest, among highly advantageous cost of capi Japanese companies to raise higher-cost money, its bond issue announced Thursday is just the be-

One result is that the playing field of global competition will be-"Not so long ago it seemed that

other countries were at the mercy of a Japanese juggernant, strengthened by many factors, including a

> pared with the edge it recently enjoyed.

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Friday's Closing
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Friday's Prices

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Daiei to Buy Stake in Recruit Plans Market Another Difficult Year Founder, Charged in Scandal, to Sell Shares

TOKYO - Daici Inc., which operates Japan's hierest supermarket chain, said Friday that it would bird about a one-third stake in Recruit Co., the ion company at the heart of a stock scandal that rocked the government in the late 1980s.

Batel will buy 9.5 million shares from Hiromasa First founder and former chairman of Recruit, which in trial for his role in the scandal. No price was disclosed, but media reports estimated that page would pay up to 100 billion yen (\$775 million) for the 31.8 percent stake.

Afr. Exoc has been charged for his alleged role in

nat. rzoc nas ocen charged for his alleged role in materinging a plan to influence businessmen salienvenment officials by distributing shares which the first of favors for his information passes. The scandal brought down the government of Noboru Takeshita in 1989.

"As Tam still on trial," Mr. Ezoc said, "I felt it was the search of Noboru Takeshita in 1989.

constantion.

Mr. Ezoe sand in the shares to a large constantion.

Mr. Ezoe has resigning as chairman, Mr. Ezoe has resigned considerable influence as the top share-

resinest considerable influence as the top share-holder in Recruit, an information services giant that specializes in job placement magazines.

"Specializes agreement, Isao Nakauchi, Daiei's chaining and president, who will become chair-man are consideration. The Mr. Nakauchi is known for an entrange style and a penchant for buyouts.

The world like to use Recruit's know-how to be need to comprehensive information company,"

Man Natanchi said.

Mr. Nakanchi said he had received the offer from the former Recruit chairman about a week ago, But he denied speculation that Daici planned

to make a full takeover of the company.

Daile shares surged 28 yen on Priday, to 941

yers on news of the deal in part because of assets
held-by Recruit, including some prime property in downtown Tokyo, and because of the growth potential of Recruit's information and publishing

business, analysts said. But Recruit's financial woes, combined with

Datei's own heavy debt burden and patchy record in turning prior buyouts into profit, led some analysis to doubt how well Mr. Nakauchi's latest deal would turn out.

This is a high-risk, high-return investment for Daiei," said Horoshi Seto, analyst at Nikko Research Institute.

"The premise of the deal is that Daiei gets into the service business, but they will have to reorganize the Recruit group," he said. "If they succeed, it will be very good, but the risk involved in the reorganization is very high."

The combined debt of Recruit and its two real

estate units, Recruit Cosmos Co. and First Finance Co., is 1.8 trillion yen, a Recruit official said. Industry sources said Recruit expects the agreement to bein restructure the two real estate units and other subsidiaries that have faced serious financial problems following the bursting of Ja-pan's "bubble" economy.

Following the acquisition, Daiei will become the second-largest shareholder in Recruit, after a Retruit employees group that has a 35.2 percent stake, Mr. Nakanchi said.

The acquisition offers Daiei a chance to expand into the information industry, a field the super-market operator has been striving to enter since it began publishing magazines in 1985.

While still a relative newcomer to publishing, Daiei is an old hand at mergers and acquisitions. Daiei, which also runs hotels, restaurants and credit services, has strategic holdings in large retailers such as Chujitsuya Co. and Maruetsu Inc. and also recently gained a controlling interest in Nippon Dream Kanko Co., a leisure service company.

(Bloomberg, Reuters, AFP)

Shanghai For Futures

BELIING — After opening Chi-na's first stock market, Shanghai plans to launch the country's first futures exchange within a few days. Chima's largest city hopes the metals exchange will expand to become the biggest futures market in Asia and help restore Shanghar's

former glory as the commercial and financial hub of the region, a local newspaper reported on Friday. Meanwhile, Shanghai authorities lifted all restrictions on stock-price fluctuations on Thursday, sending

prices surging.

The index more than doubled to close at 1,265.79 on Thursday from a previous close of 616.64. Prices continued to rise on Friday but at a slower pace. The index added 73,5 points on Friday.

The exchange, which reopened in 1990 after closing in 1949 with the Communist takeover, now lists 12 shares including one B-class share for foreign investors, the television components maker Shanghai Vacuum Electron Device Co.

Under the old system, 12 listed shares were restricted to daily movements of 5 percent, while three including Shanghai Vacuum could fluctuate freely.

The exchange also expanded trading hours by one hour, to four hours on Thursday.

Futures trading is a major step forward in China's economic reform program designed to revive state-run industries with marketoriented measures.

Even more than stock trading, futures transactions have been viewed ever since the Communist revolution as a form of gamblin one of the "six evils" along with slave-trading, drug dealing, prostitution, superstition and pornography.

The Liberation Daily newspaper said Shanghai people "passionately hoped" that futures trading in nonferrous metals would lead the way to Shanghai becoming Asia's largest futures market, offering a range of contracts from agricultural products to raw materials.

The paper noted that Shanghai was China's main eastern port and had excellent communications.

Battered Mazda Expects Investor's Asia

said Friday that its profit in the financial year that just ended fell 60 percent from the year before,

and it forecast a further 24 percent decline this year because of rising operating costs and long-term debt. Mazda, 23.9 percent of which is owned by Ford Motor Co., said parent current profit was 19.67 billion yen (\$151.8 million) in the year to

March 31, 1992, down sharply from 49.13 billion yen the previous year. A weak global auto market, rising operating costs and a higher yen took a bite out of Mazda's sales, which fell 3.2 percent, to 1.4 million units. In yen terms, revenue edged up 3.1 percent, to 2.30 tril-lion yen. Net profit tumbled 65.7

percent, to 9.27 billion yen. Domestic sales fell \$3 percent. to 549.627 units, while exports rose by 0.4 percent, to \$59,638 units, with rising demand in the Middle East, Canada and South America.

Japan's auto market weakened in the financial year as stable demand for mid-size cars was offset by lower demand for subcompact and mi-

Compiled by Our Stuff From Disposches and Autozam Carol models. Ex-TOKYO - Mazda Motor Corp. ports were also sluggish due to increased local production and weaker demand in the United States. Europe and Southeast Asia, the company said.

It said prospects for domestic demand remain gloomy, although it saw signs of recovery in the Unit-

Mazda's earnings repeat a tale told by Japan's larger companies. Caught off guard by slower demand overseas and at home, revennes were unable to keep pace with mounting research and deprecia-tion costs. Mazda recently completed a factory in Hofu, Japan. Mazda said that it plans to cut capital expenditure by 9.3 percent

Still, costs for developing new cars, for labor and for marketing are all rising this year. In addition, the company's long term debt from its recent expansion will continue to depress earnings this year.

Mazda predicted parent current profit would fall to 15 billion yen in the current year, on sales of 2.43 trillion yen, a 5.6 percent gain. (Bloomberg, AP, Reuters) cro-minicars such as the Familia

Very briefly:

• Ricoh Co., the maker of photocopiers and office equipment, suffered a parent-company operating loss of 1.73 billion yen (\$13.3 million) in the year to March 31, mainly because of a 14 percent fall in exports; in the previous year, the company had an operating profit of 17.34 billion yen. . Hong Kong's leading banks out their prime lending rate by one percentage point, to 7 percent, effective Monday.

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TOKYO — Victor Co. of Japan on Friday posted a consolidated pretax loss of 7.02 billion yen (\$54 million) for the year ended March 31, while Pioneer Electronic Corp. reported a 19 percent drop in profit. Ishikawajima-Harima Heavy Industries Co. will extend technology to Sumitomo Heavy Industries Ltd. so Sumitomo can build liquefied natural gas tankers on contract for IHI.

· Nitto Arare Co., which makes rice crackers, and its former president are to be prosecuted on charges of padding the accounts to conceal current; losses totaling 8.3 billion yen over two financial years.

· A Chinese man was sentenced to four years in prison for selling discarded shares in Shanghai, the Hong Kong newspaper New Evening Post said; it is the first stock fraud case since the market opened last year.

Taiwan Assuages U.S. on Copyrights

TAIPEI - Taiwan's parliament passed long-awaited copyright lawrevisions on Friday in a bid to shake off possible U.S. trade sanctions, a parliamentary official said.

The revisions, delayed by the parliament for 18 months, came a day before Taiwan was scheduled to send a 20-member trade delegation, led by the Board of Foreign Trade director, Hsu Ke-sheng, to Washington for negotiations - mainly on copyright protection.

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IBM-Apple Multimedia Standard The Associated Press

WECU-INTERSTRATEGIE

TOKYO - International Business Machines Corp. and Apple Computer Inc. said Friday they were re-training major Japanese electronics companies to es-tablish an international multimedia standard.

Company executives said they had approached a member of Japanese electronics companies seeking support for a new joint venture, Kalcida, to be formed to establish a multimedia standard. Multimelia is a new kind of technology that com-

bines images, sound and data. It is expected to help merge computers and home electronics equipment such at the visions, videocassette recorders and game

The two U.S. computer makers refused to say which

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companies had been contacted, although Apple said non-Japanese concerns were included. Sony Corp., Matsushita Electric Industrial Co., NEC Corp., Hitachi Ltd. and Sharp Corp. said that had been contacted, and all but Sharp said they were considering the proposal. None would elaborate.

NEC said its participation was unlikely if the Ka-leida standard was similar to a multimedia standard being developed by Microsoft Corp., the U.S. software

The economic newspaper Nihon Keizai Shimbun said Toshiba, as well as European makers such as ilips Electronics N.V. and Thomson Consumer Electronics, also were approached.

points on Friday, despite a last-minute bout of bargain hunting, because of rumors that the military might stage a weekend coup,

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Bangkok that claimed more than 100 lives.

dated pretax profit to 58.7 billion yen.

The index closed at 718.51 points, while volume totaled 5.54 billion baht (\$217.2 million). The index had spurted 61.3 points on Thursday, the day after King Bhumbol Adulyadej intervened to end four days of street violence in

Thai Stocks Fall on Coup Rumor

JVC Posts Loss, Pioneer Profit Slides

Compiled by Our Staff From Dispatches

JVC cited the shrinking of the world audiovisual market, particularly

in Japan, the United States and Europe. The absence of hit products also hurt profit, it said. A year earlier, JVC posted a profit of 26.31 billion yen. For the current year, JVC predicted pretax profit of 3 billion yen.

Pioneer also faulted the decline in demand for the drop in its consoli-

BANGKOK - The Stock Exchange of Thailand dropped 20,16

Both companies blamed the global economic slowdown.

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FIRST COLUMN

Testing The Banks Over O&Y

NY financial crisis, just like a Hollywood potboiler, needs the proper blend of avarice and ignorance and a cast of oursized characters to capture the public's imagination. The Olympia & York affair has it all.

The secretiveness of the Reichmanns was equaled by their bubris in thinking they were too big and too smart to be caught up in the collapse of the commercial office market. But they more than met their match in a

gaggle of bankers so eager to do business with the brothers and pocket those juicy loan origination fees that they neglected to look at the borrower's books, or notice the prolif-eration of see-through glass towers springing up around them.

Now the banks have it in their power to force O&Y's jewel properties into bankruptcy protection, but they would do well first to read a new Bank of England study on Britain's battered bome market. The study concluded that reducing the rate of reposses-sions would belp boost bome prices much more than a cut in interest rates.

HERE is no direct link between the markets for 40-story office buildings and bomes or apartments, of course. For starters, the housing market hasn't seen the type of building craze that produced more U.S. office space in the 1980s than existed before the decade started. With office vacancy rates at 25 percent and more in some U.S. cities and about 50 percent in London's Docklands, it will be a long and difficult process to stabilize office prices, much less spur a recovery.

But even with such a weak outlook, it is

hard to imagine confidence returning if banks scramble to seize O&Y's properties and put them on the market. Harder still to imagine that the banks that erred so much in fueling the building boom have the expertise to step in and manage the properties back to

health themselves.

There's been plenty of breast-beating in financial circles about the deal-making excesses of the '80s. Long-term planning and the return of relationship banking are today's buzzwords. If banks really mean to change their ways, O&Y is a good relation-

Commercial Property: Can It Get Any Worse?

By Philip Crawford

HE world's financial markets may bave handled the bankruptcy filings of Olympia & York with aplomb, but the move may bave dealt a new blow to the already-reeling market for commercial real estate.

The big question for investors is whether the O&Y debacle will trigger a further de-cline in prices or, conversely, signal the bottom of the abyss for property markets worldwide. Could the long-awaited recovery be

just around the corner?

Some experts feel that the bumbling of a Goliath such as O&Y, the world's largest developer that just a year ago seemed invincible, can only further burt public confidence in the real estate market. That could throw a bucket of cold water onto an already

feeble flame of bope for a price recovery.

"Value is two things, fact and perception," said Joseph Benkowski, director of real estate consulting for Delta Associates, a Virginia-based firm that advises property investors. "What you've done bere is added to the negative image of everything that's happened in the real estate market over the past 18 to 24 months, and you've done it in a big way. I don't know that it will bring values further down, but it certainly defers the recovery of value."

Few property market watchers have to be reminded of the plunge in prices that has accompanied the lingering recession. Rental prices for prime office space in the City of London, for example, has fallen by a third in the last year and a half to about £38 (\$69) a square foot; in the higher-priced West End, the decline has been nearly 40 percent. In the United States, the declines range from around 13 percent in New York to around 30 percent in Los Angeles, where a quarter of all office space lies vacant.

In the more overbuilt markets, the scramble to find tenants is so intense that posted rents are virtually meaningless. In London's Docklands, where the Canary Wharf complex is O&Y's most high-profile disaster, new tenants get incentives and rebates cover-ing as much as half the listed rent, dropping actual costs to as little as £10 a square foot. The same bolds for Toronto, bome of O&Y's Reichmann brothers, where actual rents can dip below \$10 a square foot, as much as twothirds below the quoted price.

But given that dismal state of affairs, many property analysis in the United States

and Britain - the two countries where commercial real estate investment is most accessible to the public - question whether Olympia & York's woes will create much fallout for investors.

"I think the worst is over," said Naresh Gudka, a real estate specialist at Paribas Capital Markets Group in London. "If you wait six months to a year, I think the proper-

ty sector will begin to perform again."

Some analysts in Britain, where an estimated 50 percent of publicly listed property companies are technically insolvent, are even sanguine about property company

"If Canary Wharf ends up being put into administration, you might see an initial hit of about 5 percent across the board for property company share prices," said Sel-wyn Jones of Credit Lyonnais Securities in London, "but 1 don't think the O&Y affair will bave major long-term ramifications for investors. The major real estate firms have zero exposure to the Docklands."

Mr. Jones said the exception might be Hammerson Property Investment Corp., which has an asset exposure of about 25 percent in Toronto, a market that is widely expected to take another serious hit before recovering. But despite O&Y and still-falling values in London, Mr. Jones added that be felt market sentiment in the Britain is about to turn a corner.

"I think investors feel that the upturn is not too far away," be said, "perhaps coming within the next 12 months. Of the majors. I think British Land's shares are the most

Mr. Gudka of Paribas said he felt most of the bad news for British property companies was already in their share prices. "Over the last few years, the property sector has dra-matically underperformed the overall equity market," he said. "And when it became apparent, about six weeks ago, that both O&Y and another developer, the Heron Group, were in trouble, property share prices did come down sbarply."

Mr. Gudka added that be did not feel the

construction industry would be seriously affected by any continued real estate market downturn. "The boom in office building is by and large over, and the contractors have already been paid," he said. "It's the developers' problem to fill the buildings. Of course, it remains be seen if O&Y's situation will make it barder to find financing for

future construction." Robert Fowldes, an analyst with Klein-



Canary Wharf alters London's skyline but threatens to bring down Olympia & York and further depress commercial property prices.

wort Benson Group, disagreed with the optimistic scenario, bowever. He is looking for the property sector to continue underperforming the equity market. "None of the share prices of any of the major property companies strike me as attractive right now, at least not in relative terms."

Unlike in Britain, where real estate investors' returns are primarily a function of share price, the main publicly traded vehicle for property investors in the United States in the real estate investment trust, or RETT focuses on dividends that give investors a direct exposure to the income streams from commercial property.

The REIT concept is similar to that of a mutual fund. Investors pool their money, which a management corporation uses to buy real estate, mortgages and other proper-ties. Earnings come primarily from rent or mortgage payments. The vehicle's attraction for investors has traditionally been its high dividend yield and certain tax advantages, the downside being extensive regulation on matters such as investor eligibility and payouts from asset sales.

REITs come in every size, shape and form, and invest in all classifications of property. Some of the major U.S. REITs are the New

With Dow Stocks Splitting,

much more unlikely and represents a greater percentage move, so it should have a greater

effect on the index.

For instance, Disney shares were trading close to \$150 before they spbt on Monday. A \$1 change will be a much bigger deal with the stock fetching less than \$40.

A similar type of logic holds true for the Dow. With the index roaming between 3,300 and 3,400, it should fluctuate by a greater

number of points than 10 years ago, when it was below 1,000. But leaving points and splits aside, moves of a given percentage in

the components' values will continue to

move the index by the same percentage. So

Bangkok's Panicky Bourse

Looks for an End to Violence

What's a Point Worth?

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Plan Realty Trust, Weingarten Realty Investors, Federal Realty Investment Trust, Unit-cd Dominion Realty Trust and Rockefeller Center Properties. In the first quarter, the equity index of the National Association of REITs outperformed stocks, climbing 0.7 percent compared with a drop of 2.5 percent. in the Standard & Poor's 500 index. Having raised \$1.2 billion of capital during that period, REITs now own about \$45 billion of

Why the stilldenly treditable showing by REITs, not to mention the renewed investor interest, after poor performance caused; them to fall out of favor in the early '80s?'. Among other things, analysts cite REITs investments in smaller, conservatively leveraged properties that have provided relatively steady revenue streams. New interest also has been sparked by the fact that REITs can serve two masters: For developers, in source of capital in a currently illiquid market, and for investors, they offer a liquid shareholding in market that some feel has-

nowhere to go but up.
David S. Leibowitz, director of research
for American Securities in New York, played
down the effect of O&Y's problems on
REITs. "There's no reason why it should
have an effect," he said. "The public did not

invest in Olympia & York, and I don't think you can make a strong connection." But given the depressed state of the New York commercial property market, Mr. Leibowitz added: 'It would be premature to lift a glass of libation to celebrate its recovery."

Joseph Robert, chief executive of Virginia-based J. E. Robert Cos., a major U.S. real estate management from, concurred that REITs have little exposure to O&Y's difficulties, but he said that very like of exposure was part of the problem for the commercial property market. "REITs are so restrictive that they work for only a small percentage of investors," he said. "The average American property has a access to the commercial proinvestor has no access to the commercial real estate market, and that's a source of capital that the market obviously needs to tap. Until the government eases restrictions, though, you won't see it happen."

But as with many past market events that have been initially perceived as cataclysmic. Occy's crash has led some experts to view it as cathartic. "We may look back at Occy in a couple of years and see this as, if not the actual, the emotional bottom of the real estate market," said Robert Frank of Alex. Brown & Sons in Baltimore. "As the event the market needed to truly move forward."

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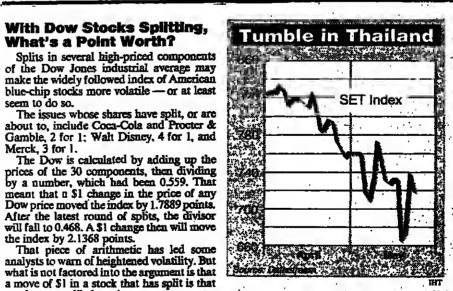
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Return your order to International Herald Tribune, Simon Osborn. 181 Avenue Charles-de-Gaulle, 92521 Neutlly Cedex, France Or fax to (33-1) 46 37 21 33 the expectation of increased volatility is based not on fact but on appearance, something not entirely foreign to Wall Street.

The conventional wisdom on Thailand that despite occasional coups, the economy will continue to head straight up — was severely shaken by the violent confrontations that left scores of pro-democracy protesters dead. Although the stock market reacted with euphoria when the king intervened and brokered a truce, it buckled anew on Friday on fresh coup rumors. Confidence is likely to remain shaky in the short term, analysts caution.

"A lot of investors have been frightened off, obviously," said Richard Mosley, who follows the Bangkok market at Jardine Fleming in Hong Kong. His short-term advice: "Let things calm down before making

A major worry is how much of an impact



the violence will have on tourism. Lower tourism earnings could worsen the trade balance and put upward pressure on interest rates, Mr. Mosley said.

But assuming the agreement to draw up a new constitution ends the unrest, the country should retain its rank as the fastest growing country in booming Southeast Asia. Mr. Mosley said. Jardine is forecasting 8.9 percent growth this year, with earnings per share rebounding by at least 10 percent after a 5 percent fall in 1991.

"It's a thriving economy and one hopes that the events of the past few days will not have too drastic an impact," he said. "We still think the outlook for the Thai economy is fundamentally strong."

Bonds Don't Like Democrats But Stocks Aren't Partisen.

Does it matter for investors which candidate manages to back into the White House in November? It matters a great deal for bondholders, but not a lot for stockholders, according to a study by Shearson Lehman

Since 1953, when the Republican Dwight D. Eisenhower was inaugurated as president, the average annual return of stocks in Standard & Poor's 500 index has been 11.8 per-cent during Republican administrations, the Shearson report says. During Democratic turns in office, it has been 11.2 percent.

been kind at all to bondholders. The average 1940.

annual return of 10-year Treasury notes has been 7.5 percent when Republicans were in charge, but a big zilch — 0.0 percent — under Democrats, the Shearson report indicates. Much of that nothing performance is the result of the Carter years, when inflation and interest rates went sky high, chewing up the value of bonds.

Clip-and-Buy Fund Proposal Raises Protection Worries

The explosive growth of U.S. mutual funds has been one of the biggest trends of recent years, and a driving force in pushing stocks to record highs. But with the industry having surged to some \$1.5 trillion in assets and the last regulatory review having taken place more than 20 years ago, the Securities and Exchange Commission is taking another look at its rules.

look at its rules.

The SEC said its proposed new rules were intended to give investors a broader choice of funds at a lower cost, but some of the proposals appeared to run at cross purposes as far as investor protection is concerned.

One key proposal was to let investors buy into mutual funds without having to scale away for a formal sales offering Instead. away for a formal sales offering Instead, investors could clip a coupon from a newspaper ad and mail it in with a check. Stat proposal does not sit well with some groups that get regular feedback on the problems that average investors face. Too few people read the prospectus as it is, John Markese, director of research at the American Association of Individual Investors in can Association of Individual Investors in Chicago, told The New York Times. "I have a feeling that this coupon-clipping proce-ture will even lessen that number."

The SEC counters that number.

The SEC counters that ads would be required to provide more information about a fund's performance. And since brokers can sell stocks by telephone, why not permit the same thing with funds?

One investor protection proposal calls for the majority of fund directors to be independent of the sources on from the counter.

the majority of fund directors to be independent of the sponsors, up from the course minimum of 40 percent.

The proposals also would allow investors to negotiate sales commissions, or loads, and allow funds to charge of single fee to bundle together the slew of fees charged today. The SEC hopes a unified fee would push funds to compete harder on price. Skeptics say the biggest beneficiaries of negotiable fees would be undividuals but rather his multiplicate. be individuals but rather hig institutions, who have boosted their share of mutual fault assets to 25 percent from 11 percent in 1971

mearson report says. During Democratic The SEC can implement some of the proturns in office, it has been 11.2 percent.

Democratic administrations have not to amend the Investment Company Act of
seen kind at all to bondholders. The success

THE MONEY REPORT

Seeking a European Emerging Market in Greece

By Katherine Burton

HE Greek parliament is expected to approve shortly a reduction in its corporate income tax to ent from 45 percent. The effort may seem bizarre, giv-

n that the government now actually collects only about 5 percent of comparate profits in texes. But analysts say the proposed tax cut is yet another sign, along with the privatization of state-owned companies, educed inflation and improved enforcement of tax collection, that Greece is finally finding its way.

"To part at bluntly," said Stathis
Name, portfolio strategist at XIOSBANK SA in Athens, "I think the

tine Mitsotakis is beginning to have an effect, however.

The budget deficit dropped to 18 percent of GDP last year. The in-flation rate, although high, fell to 16 percent in April from 18 percent for the first three months of 1992, and analysts say 13 to 15 percent by the end of the year is not unreasonable. The tax collection system has been computerized and penalties increased for evaders.

The government also carried out its first privatization last month when Hercales, a cement company, was sold to Calcestrazzi of Italy for roughly 139 billion drachma (3737 million). Another sale, a 49 percent stake in the telephone company OTE, is expected soon.
Nevertheless, the government's

RANK SA in Athens, "I think the Greek containty has finally hit bottom. We should begin to see the turn by the end of this year."

That bottom is pretty far down. Per capita gross domestic product was 48 percent of the Buropean Community sweage in 1988-1990, down from 52 percent in 1983-1985, and the public sector deficit hit 21 percent of GDP in 1990.

The susterity program of the two-year-old conservative government's measures showed in London. That leaves the average share in the Athens index trading at 267 percent in the first half of 1990 (and the public sector deficit hit 21 percent of GDP in 1990.

The susterity program of the two-year-old conservative government's measures showed GDP growth to just 0.5 percent.

This year, the government's ings are expected to grow by 30 percent this year, according to analysts at Credit Snisse First Boston in London. That leaves the average share in the Athens index trading at 267 percent in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half of 1990 (and the public sector deficit in the first half

Economy on the Mend

But analysts say Greek equities are inexpensive and boast high earnings potential. Corporate earnings are expected to grow by 30 percent this year, according to analysts at Credit Suisse First Boston

There are some big burdles in the short term, though. Tension over the bid by the former Yugoslav republic of Macedonia to be recognized as a sovereign state with that name, which Athens opposes because Macedonia is also the name of a Greek province, "could push the market down," said Marc An-toine de Dietrich, manager for Schroder Investment Management's Greece fund. The \$45 milfion London-listed fund is the only foreign-managed fund dedicated to Greece, and the largest single investor in the market. The fund's net

since it was launched in 1988. Other deterrents are sky-high interest rates and currency risk. The drachma is the only EC currency that has not entered the Exchange-Rate Mechanism, and it has depreciated by some 17 percent against the Ecu and 16 percent against the dollar since the start of 1990.

asset value has risen 120 percent

The central bank governor, Efth-ymios Christodoulou, has said Greece will enter the ERM, but analysts don't expect it before 1994 because inflation and interest rates

tina and Brazil, the Greek market is already 35 percent to 50 percent less volatile." are too high. Even after a one-point cut on Wednesday, interest rates are still a stagograph 21 are still a staggering 21 percent. Industrial complain that the drachma is too strong at about 192 to the dollar, and analysts expect a con-

> trolled drift toward 200 this year. The Greek market also shares a problem with many budding bourses: Size. Market capitalization was \$13.1 billion at the end of April, which ranks it among the EC's smallest markets.

But in the long-term, analysts see value in the top listed companies.
"One must be reasonably selective, but there are some very attractive stocks with very low P/E ratios and real growth potential," said Anastasios Adam, an analyst at Baring Securities in London.

volved in infrastructure because Greece will continue to receive FC funding to modernize. His picks include Michaniki, a construction company, and Intracom, a telecom-munications company.

Analysts at CSFB like banks, which account for about 40 percent of the market capitalization. The analysts say continued deregula-tion and an improving economy should help banks expand.

Analysts' Es	stim	ates	of F	ren	ch C	omp	any	Resu	lts
COMPANY	End of fiscal year	Earnings est. for '92 (fiscal year)	Last month's est.	% change	Last month's closing price	Current price	% change	P/E (est.)	No. cf analysts est. user
France's Best		٠.							
NSTITUT MERIEUX	9212	258.15	234.90	9.9	6420.0	6900.0	7.5	26.7	8
CLUB-MED	9210	24.33	23.19	4.9	526.0	542.0	3.0	22.3	20
SSO	9212	71.78	68.42	4.9	801.0	830.0	3.6	11.6	5
YNTHELABO	9212	41.11	39.99	2.8	1265.0	1219.0	-3.6	29.7	17
OREAL.	9212	39.14	38.18	2.5	835.0	886.0	6.1	22.6	2.
AST-DUBOIS INV.	9212	97.43	95.87	1.6	2164.0	2136.0	-3.1	21.9	12
CCOR	9212	39.04	38.45	1.5	790.0	817.0	3.4	20.9	23
A REDOUTE	9212	357.21	351.82	1.5	5560.0	5520.0	-0.7	15.5	13
OTAL	9212	27.91	27.50	1.5	251,7	270.5	7.5	9.7	2
ROUSSEL-UCLAF	9112	112.31	11.00	1.2	2150.0	2130.0	-0.9	19.0	13
France's Worst			• • • •						
CHNEIDER SA	9112	34.33	37.37	-8.1	695.0	745.0	7.2	1 217	19
XA (EX MIDI)	9212	97.37	105.07	-7.3	943.0	1024.0	8.8	10.5	18
A.G.F.	9112	50.11	53.18	-5.8	509.0	510.0	0.2	10.2	14
CHRISTIAN DIOR	9112	30.27	31.78	-4.8	364.5	354.0	-2.9	11.7	
RED. FONC. FRANCE	9112	114.09	119.64	-4.6	993.0	966.0	-2.7	8.5	11
AFARGE COPPEE	9212	27.79	28.97	-4.1	372.0	392.0	5.4	14.1	2
AERLIN GERIN	9212	38.94	40.5 9	-4.1	530.0	577.0	8.9	14.8	1
CGIP	9212	138.38	140.97	-3.3	1203.0	1260.0	4.7	9.2	1
MAE	9112	221.13	228.15	-3.1	1926.0	2035.0	5.7	9.2	1
CHARGEURS SA	9112	44.25	45.81	-3.0	1160.0	1168.0	0.7	26.4	1

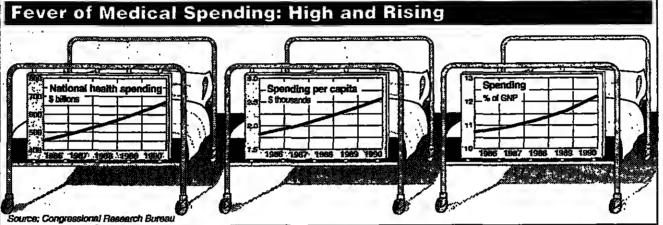
Early Death Benefits Ease Pain of Rising U.S. Medical Costs

CCELERATED death sounds, this new wrinkle lcomed by U.S. policyholders.

The concept allows persons who are terminally ill with diseases like cancer and AIDS, or facing permanent confinement in a mursing home, to receive part or all of their death benefits while they are still

Some 113 companies, including misors size Travelers. Metropolitant Lifeling Connecticut Mutual, now officialistic form of accelerated death benefits with life insurance. policies Productial Insurance Co., which pioneered the concept, has paid the most claims, some 347 averaging \$80,000 each, according to lames Longo, a company

And although acquired immune deficiency syndrome has gained the widest publicity for these benefits, the underlying reasons for their



growth of these benefits reflects the fear - often justified - that even not be able to cover their medical ing upward at more than & percent for the past decade. In one example, the Northwest-

the underlying reasons for their growing popularity of far beyond this deadly diffiction.

"It's the high cost of dying, said land. Patternon of the American Changel of Life Insurance. This benefit is to help cover the devastating cost of prolonged illness, and the fact that people are living longer but not necessarily more health-ity." Ms Patterson emphasized that accelerated benefits do not replace life and disability benefits for payments as benevolent, however. terminally ill who are desperate for reviewed carefully. The most combetith insurance. Still, the rapid Northwestern. Women's organizations have criticash. When the patient dies, the monly offered is advance payment more likely to buy a policy.

those with health insurance may costs at the end of their lives. Health care costs have been spiralar, double the rate of inflation,

em Mutual Life Insurance Co., the ninth-largest in the nation, ad-vanced \$37,000 to a policyholder whose doctors had diagnosed her cancer as terminal. "She wanted a last chance with a bone-marrow transplant, but her health insurance fell \$30,000 short of covering the costs of the operation," said Greg Oberland, vice president of

"One man took \$40,00 of his \$80,000 policy and paid off his mortgage, bought a grave sight and paid for his funeral," said Mr. Longo of Prudential, "People feel more at ease when they can tie up all those loose ends." For others, like the AIDS patient who used his, payment to treat his family to a vacation and donate \$2,000 to a favorite charity, the benefit can provide the pleasure of seeing oth-ers happy while still alive.

Insurers do not stipulate how an accelerated payment may be spent, so for those who accept the inevitability of death, the money can serve to ease the emotional pain.

Companies collect the full death benefit of the policy.

For those seeking accelerated benefits, some serious comparison on more than 25 to 75 percent of the foce pairs of a policy. We the face value of a policy. "We think it's important to leave something for the surviving family," said Mr. Oberland of Northwestern,

which caps its payments at 50 percent or \$250,000. Whatever their defects, accelerated benefits are a far better solunew breed of unscrupulous, but not illegal, companies. These compa-nes, which are not insurers, buy life insurance policies at a deep discount — sometimes as little as Not everyone views accelerated 50 cents on the dollar -- from the

factor is the method of payment: Originally most insurers simply in-creased premiums by 5 to 15 per-cent for the option of having the benefit, but increasingly policy-holders pay only if they actually use the option. Payment is then calculated as interest on the amount advanced, or the insurerdiscounts the amount advanced. For example, Metropolitan Life is currently using a discount of 8 per-

tor certifies that a patient has only 6 to 12 months to live. Some insurers, Travelers and Prudential among them, include both terminal illness and nursing home care. Also, many companies offer the benefit on new policies only be-cause of delays by the Internal Rev-enue Service in ruling on the tax-ability of accelerated payments, which could affect the tax-free sta-

tus of existing policies.

Two other factors vary widely. The amount of insurance required to obtain accelerated death benefits can range from no minimum at Connecticut Mutual to, more typi-cally, \$50,000 for a new policy. Re-quirements for blood testing for life-threatening conditions like high cholesterol and HIV infection also vary. Some companies start testing at the \$50,000 level, but oth-

of \$100,000. The American Council of Life Insurance estimates that 1.13 million policyholders were covered by some form of accelerated death benefits at the beginning of 1991, compared to only 144,500 in 1990. Significantly, the option is increasingly being offered through group

ers only start testing with policies

insurance for company employees.

Perhaps most importantly for
the industry, which had flat sales
last year and anticipates further
shrinkage in the rest of the decade. a Roper Organization poll revealed Available options also should be that 43 percent of those without life insurance said that accelerated

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Cosmetics Stocks: Good Looking but Hard to Find

ed an unattainable image of the female aesthetic that manipulates women into buying its products. The industry counters that the conthat women buy cosmetics because they want to.
Although the debate goes on as

to why women, and many men, buy beauty products, one fact remains: The demand for facial creams, eye makenp, lipstick and perfumes, and personal care items such as soaps and shampoos, translates into billions of dollars in sales for manufacturers every year. Some analysis liken the sector to the food stry - always in demand, just about recession-proof.

One stock many analysts are high on is Avon Products Inc., the clargest American corporation whose central business is cosmetiss. Ayon posted a 4 percent sales gain in 1991 to \$3.6 billion, while canning jumped 13 percent to \$2.94 a share. Selemen Brothers is projecting earnings of \$3.35 this projecting earnings of \$3.35 this year. "We've been recommending the stock," said Diana Temple, an analyst at Salomon. "Their underlying growth is healthy, and they've also recently initiated some costand the same of th cutting programs which should help their balance sheet."

In addition to its high profile in the United States, Europe and Japan, Avon has done well in the burgeoning Chinese marketplace. The first Chinese Avon ladies began knocking on doors in November 1990, and the results were stellar from the start, according to a company spokesman. Ms. Temple said Avon's products continue to sell well internationally, their pri-mary competition coming from L'Oreal SA of France and Shiseido

Co. of Japan.

L'Oréal is by most accounts a A THE RESERVE OF THE PARTY OF T thriving company. Its profit rose by nearly 20 percent in 1991, and many analysis say the high visibili-ty of L'Oreal's products and their relative independence of consumcr-spending fluctuations should keep the double-digit growth going. Houre Govert, the London brokerage, is forecasting a 14 percent rise in profit to 2.31 billion francs (\$430 million) in 1992, or 39.7 francs a share. But at the recent price of about 900 francs, the shares are

fully-valued.
"It's trading at a very high multi-ple, over 20" said Joanna Clapp, an analyst at Hoare Govett. "And while we wouldn't fault the stock's attractions as a core holding within

many analysts say is an increasing pure cosmetics play with an inter-emphasis on youth and beauty in national presence, some analysts Oriental culture. Among the com-

N her 1991 best-seller "The Benty Myth," author Name Wolf argues that the Shiseido, on the other hand, may be connected industry has creational more promise because of what should more promise because of what s

Cosmetics are virtually recession proof, but percentage of sales. many brands are held by big conglomerates.

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anti-wrinkle, anti-aging creams, and a hair rinse that gradually re-

"As the mass of the Japanese pop-ulation ages, Shiseido is making a real effort to cater to all age markets, not just to young women," said Elcanor Marsh of S.G. Warburg & Co. in Tokyo. "After several years of not doing so well in earnings growth, things are looking much more inter-esting for them. I rate the stock a hold pending their annual report-ing later this month, but it could

easily be upgraded then."

pany's latest products are a line of products appeal to a largely differenti-wrinkle, anti-aging creams, ent market than those of, say, L'O-

should continue to grow by over 10 percent per year, said Caroline Stewart of S.G. Warburg & Co. Body Shop, currently trades at around 325 pence, up almost 50

Body Shop International PLC is percent from two years ago.

owned. Others like Christian Dior, Cover Girl, Max Factor and Faberge are owned by diversified groups, to which they typically contribute a small but not negligible

venchy and Christian Lacroix and a long-term buy.

than it should, because those products are glamorous and highly-pub
— PHILIP CRAWFORD ucts are glamorous and highly-pub-

Unilever PLC, the food and

household products giant, also owns cosmetics and personal care brands such as Elizabeth Arden, Calvin Klein and Faberge, which percentage of sales.

Christian Dior cosmetics and perfumes, for example, as well as perfumes marketed under the Gi-

Vuitton SA, the luxury leather goods and champagne concern. Both Ms. Clapp and John Wakely, an analysts as fundamentally strong but at the end of a growth spurt.

"I think they've got almost as many stores as they want in the U.K. although their presence in continental Europe and Asia should continue to growth sport.

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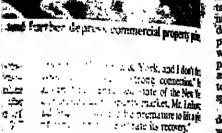
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SPORTS

Royals Pound Relievers To Blow Game for Ryan

Three times is no longer a charm. For Nolan Ryan, it's a curse. - Ryan left his relievers a lead once again Thursday night, and for the third straight time, his bullpen hlew

Mike Macfarlane hit a three-run homer off Jeff Russell in the ninth as the Kansas City Royals ruined Ryan's bid for his first victory of the season with a 7-5 victory over the Texas Rangers in Arlington. Ryan gave up just one hit and left the game with a 5-1 lead after

AMERICAN LEAGUE

seven innings. He had retired the final 18 batters.

Ryan, who has never gone this far into a season without winning a game, is stuck on career victory No. 314. His last victory was Sept. 25 against Seattle.

"It's a heck of a shame that Nolan's still stuck on that number." Russell said, "Somebody's got a hex on him. We've got to work extra hard to get him the win." Ryan said he didn't second-guess manager Bohby Valentine for pull-ing him after he had thrown 111

"I feel like I've been throwing

stances, he did the right thing."

Valentine didn't have any excuses for his bullpen. "You just don't know what to expect from some of the guys," he said. The hullpen also hlew leads in each of Ryan's two previous starts, both against Milwaukee.

Lance McCullers started the eighth for Texas, and most of the 23,363 started for the gates, their man done for the night. McCullers walked one batter and Kenny Rogers came on. He gave up a single to Curtis Wilkerson and a three-run making it 5-4, before retiring the next three hitters.

With one out in the ninth, Kevin McReynolds reached on a fielding error hy shortstop Dickie Thon. Jim Eisenreich doubled and Russell replaced Rogers. Russell gave up Macfarlane's home run to left field on an 0-2 pitch.

Ryan walked two and struck out eight in his longest outing of his 26th major league season. The only hit he gave up was Gregg Jefferies's blomp double in the first. Brewers 7, Tigers 3: Milwankee

used four homers, including a three-run shot hy Scott Fletcher, to the four-game series in Detroit. Detroit fifth.

didn't work out. Under the circum- Paul Molitor homered twice and Kevin Seitzer once for Milwaukee.

The Brewers, who had hit just nine home runs in their first 18 games in May, hit two in the first inning and had three after three innings against Scott Aldred.

A sixth-inning double by Dante Bichette drove in Greg Vnughn to nreak a 3-3 tie. John Doherty relieved Aldred and issued an intentional walk to pinch-hitter Franklin Stuhbs. After Dave Nilsson grounded out. Fletcher hit the first pitch into the lower deck in left for his first homer since April 15, 1991, homer to Terry Shumpert, his first. at New York, when he played for the Chicago White Sox. Seitzer and Molitor homered on

successive pitches in the first inning. It was Seitzer's second and his first ever against Detroit, the only American League team against which he had never homered. Molitor, who didn't start the previous three games because of a sore

Lou Whitaker's fifth homer cut the margin to 3-1 in the bottom of the third. Chad Kreuter's first homer, following a double by beat the Tigers and gain a split in Skeeter Barnes, tied it 3-3 in the



The New York Mets' Howard Johnson reached up the centerfield wall in San Diego to rob the Padres' Darrin Jackson in the second.

On the Road to the Game

By George Vecsey
New York Times Service

NEW YORK — The bus was sitting outside Yankee Stadium, waiting for the California Angels. Everybody else had to hack his own way home through the tangled highways and erratic drivers of the Bronx. That sleek, modern bus looked pretty convenient.

There are always buses outside the ballparks, waiting to take the players to the hotel, to the airport, to the next town. It is the only way teams can fulfill those

crisp appointments in the season schedule:
Wednesday, May 20: California at New York

(night).
Friday, May 22: California at Baltimore (night). The Angels were traveling by bus from the Broax to Baltimore because it was faster and more convenient to sit in a bus for four hours, door to door, than try to catch a flight at that hour. It always makes sense to get

players out of town right after a game.
This very same Angels franchise lost Lyman Bostock in 1978, when he was in the wrong place at the

> Vantage Point



wrong time in Gary, Indiana, after a day game in Chicago, and somebody blew him away. The Yankees lost Thurman Munson a year later when he crashed his complicated new plane on a day

off. The clubs prefer to have the players together. The more control, the better. The players assume the right to a perfect trip be-cause they are, after all, major league affiletes. The world owes them a living. They have a road secretary to plan the trips, and their only conversation with him is when the luggage is delayed or the keys are not ready at the next hotel.

The players dress in the clubhouse and perhaps they remember to tip the attendant and then they file out of the stadium and put themselves in the hands of the driver, who is always known as Bussie. All the players

see of Bussie is the back of his neck, as he pilots the airconditioned bus through the narrow lanes. Bussie is never acknowledged, unless he manages to get lost. Then he is heckled with a ferocity he never heard in the depot. Hey, Bussie, where'd you get your

license? Hey, Bussie, can't you read a map? Early Thursday morning, the California Angels were reminded of just how tennous it is to hurtle all over the continent to play 162 games in six months. Their bus crashed through a guardrail on the New Jersey Turnpike, skidding about 350 feet (105 meters) and ending up flipped over on its side up against a tree. The driver, Carl Venetz, said he swerved to avoid

Buck Rodgers, the manager, who a few hours earlier was trotting around Yankee Stadium debating umpires and changing pitchers, suffered fractures of a rib, the right knee and the right elbow, and 11 other passengers were injured, but the club was to be able to play Friday night in Baltimore.

The players would list an airplane at the most likely way to make the front pages. Some of them have needed medicine or hypnosis or prayer just to step in board a plane. More than a terrorized few take a drink I always felt secure covering the first four years of the New York Mets, seeing the Mount Rus profile of Casey Stengel a few rows away. When lightning tossed the chartered DC-6B around the act. I knew that nothing so trivial as a storm could get

Not every team has been so lucky. The basketball team from Evansville University and the football seen from Marshall University and the soccer team Than Manchester United and the U.S. figure-skating and boxing teams all suffered dreadful crashes in pass decades, and a Minnespolis Lakers charter flight had to land in an lowe comfield one dismal night.

Every sport has its disaster plan for stocking a depleted team, although the leagues don't like to talk

Professional athlenes all have their honor stodes just like any travelers, but it least road secretaries can plan trips ax months in advance; buying up seats on a

plan trips ar months in advance, buying up seatt on a commercial flight, or chartering a reputable sirine. If I ran a team, I'd charter all the time, so keep the players from the civilians, and vice versa.

But at least the big-time teams are not improvising day by day, the way performers do: flinary charters to get them from one gig to another. Just off the top of the head, names like Patsy Cline and Buddy Holly and Pitchia Velicus.

The 'Disaster' Plan

NEW YORK — Although there has never been a tragedy in major league sports that caused a league to implement a so-called disaster plan, such contingencies do exist. The bus accident involving the Angels

brought these contingency plans into focus.
[First baseman Alvin Davis, the only player hospital ized after the accident, was released from a New Jeney hospital Friday, along with two other members of the Angels traveling party, The Associated Press reported. Manager Buck Rodgers, who broke a rib, his left lane

and elbow, remained hospitalized in good condition.

Major league baseball has had a disaster plan in place since 1965. Other leagues were spurred to develop their own plans after a plane crash in 1970 that killed 38. members of the Marshall University football team along with a number of the squad's coaches.

If a few players are disabled or killed, the team is

expected to supplement its roster by bringing up manor leaguers or otherwise acquiring players. But in a wide-scale tragedy, each of the other teams in the league would provide players to stock the disabled francisse. The Angels play in the American League, which, like the National League, has a procedure it labels a "rehabilitation plan." If six or more players on one team are disabled, the plan tocks in. This involves selecting players, through a draft, from the remaining teams,

Giants Sweep the Pirates for First Time Since '85

Things have been great lately for the San Francisco Giants, but painene for the Pittsburgh Pirates. Their three-game series

The Giants scored the only run on Boh Walk's wild pitch with two outs in the sev-

NATIONAL LEAGUE

enth inning and held on for a 1-0 victory Thursday in San Francisco to sweep the

"We caugh; a couple of breaks," manager eighth time in 10 games to tie the Pirates atop the National League.

The Pirates, losing their sixth in a row, winning rally with a seventh-inning double were swept by the Giants for the first time and went to third on rookie catcher Jim since July 25-28, 1985, and escaped Candle-McNamara's hunt single. After rookie Royce

stick Park after mustering merely 12 hits and three runs in the series.

"To be honest, I'm not that discouraged," Pirates manager Jim Leyland said. "We got three good starts from our pitchers, hut we're just not hitting."

Andy Van Slyke is the exception. His singles in the first and fourth innings were the only hits off John Burkett and Mike Jackson, who combined to retire the last 16

The percentages finally caught up with Walk, who hadn't lost at Candlestick since July 21, 1987, and to anyone on the road in Roger Craig said after the Giants won for the 24 games since June 8, 1990, at New York, Kevin Bass, who snapped an 0-for-19 slump with a second-inning triple, led off the

Clayton lined into a double play, Mike Felder batted for Burkett and Walk bounced a 1-2 pitch past catcher Mike LaValliere, scoring Bass.

"I got a little greedy and tried to strike him out," said Walk, who yielded four hits in seven innings.

Burkett, who had received 48 runs of support in his previous eight starts, faced 22 batters, one over the minimum, in seven innings while posting his fourth straight victory. He struck out four and valked none.

Mets 8, Padres 3: Sid Fernandez struck out 10 in seven innings, and resurgent Bonby Bonilla and Eddie Murray homesed to lead a 14-hit attack as New York pounded the

Murmy had four hits, including a three-run homer, to help Fernandez to a 7-1 lead in

San Diego scoring and half of the six hits off Fernandez. The Meis added to the woes of Padres starter Greg Harris, who allowed seven runs and nine hits in 3% innings.

Cone, who has 69,

Sheffield hit his eighth homer in the sixth to extend his batting streak to 14 games, one shy of the NL best this season, set by the Atlanta Braves' Terry Pendleton.

Bonilla, who had two homers on Opening Day and then none intil connecting Tuesday and again Thursday, doubled his total and

drove in seven runs in the four-game series.

ures in strikeouts four times this season,

moved to second in the National League

with 62. He trails only teammate David

Benito Santiago, Gary Sheffield and Dar-rin Jackson hit solo homers to account for

Fernandez, who has reached double fig-

BOOKS

CARNIVAL CULTURE: The Trashing of Taste in America.

By James B. Twitchell. 300 pages. \$24.95. Columbia University Press. 562 West 113th Street, New Yark, New York 10025.

Reviewed by Jonathan Yardley TAMES B. TWITCHELL is an academic who writes about popular culture, a combination that alone is ample treason to give any reader pause. But whereas almost every other member of the pop-professoriat has got it all wrong - with ludicrous claims for pop culture as "art" - Twitchell has got it pretty much right: He understands the genuin and troubling importance of popular cul-ture, and he hasn't many illusions about its aesthetic content.

The essential message be seeks to convey in this intelligent and provocative book is that the rise of popular culture is the triumph of the mass audience, or, if you wish, of democracy. The end of the 20th century promises to reverse what the 19th century had separated as high and low culture," he writes. "Where the elite threatened to exile the vulgar, now the vulgar threatens to exile the elite." As he puts it elsewhere:

"Not to put too fine a point on it, the thesis of this book . . . is that the center of gravity — the 'norm' — in Western culture and world culture is dropping. We are rapidly approaching the

DOONESBURY

point where there will be no border between Lower Aesthetica and Upper Vulgaria. The gatekeepers can't find the

That passage reflects the academic side of Twitchell: the insistence that those who resist the tide of mass vulgarity do so out of fear that their own culturegemony" will be washed away. Like so much of the balderdash emitted hy academia these days, this is rooted in Marxist notions of class struggle and has little foundation in reality. The possibility that the pervasiveness of mass culture should be resisted for the simple reason that it is the ultimate victory of the lowest common denominator is one that the pop-culture apologists simply can't, or won't, acknowledge.

The tide of mass culture - of vulgarity

in the sense of "common, unwashed, scumular, barbaric" — is irresistible; those apologists for "high" culture who rail against it may do so to their hearts' content, but it is in a lost cause, for high culture now exists on a periphery even more marginal than that it once occupied and its future looks even less promising. Beethoven is now an "Ode to Joy played between innings at a basehall game. Mozart is a vaguely familiar strain in the background as you ride an eleva-tor. Shakespeare is a clever quote in one advertisement and Da Vinci a witty illustration in another. Nothing is so great as to be above trivialization; the insatiable maw of the mass demands constant feeding, and only in the form of pahlum.

This last is not exactly the argument that Twitchell makes. He asserts that "the vulgar is powerful because it takes very simple ideas very seriously, earnestly and energetically; that its predictability is strength; that derivation and repetition are signs of success: that it is authentically democratic and classless. and that it is infinitely tolerant, victously

cheap, and ultimately adaptive."
Not surprisingly, Twitchell's strongest emphasis is on television, "a medium whose impact is so prefound and so resolutely banal that it has almost singlehandedly removed vulgarity from modern culture by making it the norm." But he also has much to say about the movies

and about book publishing.

Along the way Twitchell touches on any number of subjects, from the mixed legacy of the original movie moguls to the strange history of public television to the rise of the celebrity author to the relationship between mass culture and violence.

It is easy to rant and rail against a culture that venerates the likes of Roseanne Barr and Arsenio Hall and Sylvester Stallone and Madonna; it is harder to figure out what all this means and to discern whether there is anything of value to be located in it. Like it or not, pop culture is the new reality; what Twitchell is here to tell us is that we are going to have to learn to live with it.

Jonathan Yardley is on the staff of The Washington Post.

HI, IM A SOFT-WAPE SAUSSMAN

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BRIDGE

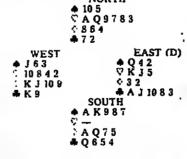
HE diagramed deal, played in the Berkeley-Carteret Hotel in New Jersey, helped Jay Korobow, sitting South, to win the Swiss Team title along with. Peter Mayewski, Julie Rowe and Abe

By Alan Truscott

North-South had a chance to defend two clubs doubled, which would have been interesting: East can escape for down one if he is careful. The defense can start with two spade winners, a spade ruff, the heart ace and a heart ruff, hut East can then avoid a trump loser if be

leads a diamond quickly from his hand.
In two spades, the defenders began by
taking the club king and the club ace.
East shifted to the diamond three, which was ducked to the nine. West misjudged by returning a diamond, and South took the queen. He led three rounds of spades was later able to play diamonds. This forced West to lead a heart and the heart ace came to life, providing a discard for the club loser and giving South his eighth trick.

The play would have been much more complex if West had shifted to a major suit at the fourth trick. It appears that South can always prevail, scoring 110 against the 100 he could have collected against two clubs doubled.

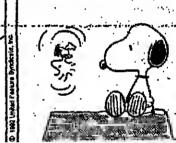


North and South were vulnerable Pass 2 4 Pass West led the club king.

PEANUTS

IT'S A KNOWN FACT THAT DOGS ARE MORE ATHLETIC. THAN BIRDS ...

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TO TUNE YOUR

THAT SCRAMBLED WORD GAME by Henri Arnold and Bod Lee



SPORTS NEEDS

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Washington Post Service
INDIANAPOLIS — What scares Rick Mears? Standing in front of a group of people and

and the football of the design speaking.
"My knees get all weak," he says. Or writing. He would rather put on isallet sights and mud wrestle Ross Percet than write a story about him-self. "I can't write; it terrifies me."

deler plan for seek he says.
What scares Rick Mears? It's at have their home as if what doesn't scare him that is: smaring. He has no problems with snapping himself in a 1,500-pointd (680-kilogram) car capable of 700-ples horsepower and propelling his body through the Indianapolis Moand vice versa.

The features are not improve the contract of things does continue that of the contract and Buddy has for Speedway course at speeds approaching 240 mph (390 kph) on the straightaways.
Race officials say that is the

inkeoff speed of the Concorde jet. It's also just about one-third the speed of sound.

He isn't afraid of stepping right back into a car after crashing, ei-ther. During a practice run early this month for the Indianapolis 500; Mears skidded after liquid from a broken line leaked from the right side of his Penske-Chevy. Mears describes that accident man-

nr of facily. He said his tires skidded and the car, after sliding more than 300 feet (9) mecs), slammed into the outside will of Turn 2. For a moment, the Office airborne. It flipped several fines, then slid for hundreds of feet on Mears's rollbar, then slid down the backstretch on his hel-meted head. Amazingly, Mears emerged from the horrible crash with only a broken left foot and a sprained right wrist.

"I was triling gnys after the accident that k left the car start wigging," he said. "Then I knew I had a problem. My first thought was, This is going to hurt." What scares Rick Mears? The most? He shoots back quickly:

Which is why on Sunday defending Indy champ Mears — broken foot and all — will go for a record fifth Indianapolia 500 victory from Row 3. Some say race-car drivers are among the toughest and most-

talented athletes in sports. So what does that make Mears? At the very least, with all due re-spect to his allergic reactions, to, public speaking and writing, it makes him a truly fearless man. At lindy, death is as close as the gas pedal. Mears knows he could

have died in that crash. But what makes him, and a handful of people. like him across the world, get back into one of those rockets right after a crash is a competitive spirit unique to the trade. Fear just isn't a factor when drivers step into their cars. It can't be, If it were there would be many more accidents.

tough," he said. These days when-

SCOREBOARD

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ON THE PERSON NAMED IN

Major League Standings

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Riz 17) and Krestler, W.—Nunez 1-1, 1.—Aldred,

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Fieldres (1); Detroit Whitsker (5), Kreuter TI).

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Gordon, Young (3), Heaten (7), Meacham (8), Maalgainery (9) and Maciarlane; Ryon.

he props his foot up to ease the pain. He's still a little sore from the accident. But two days after the crash, he was back in the car qualifying with an average speed of 224.594 mph.

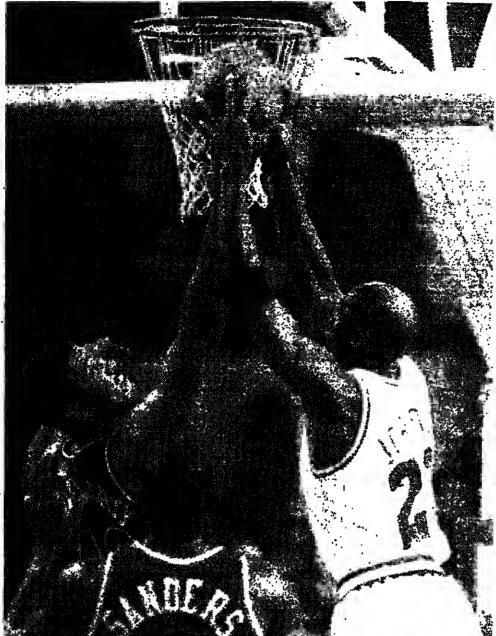
"If I'd never reced anything else then maybe I'd be scared," he said. "But over the years you sneak up on things, you sneak up on the high speeds. You race one car, then another, then go faster and faster. You gradually get used to it.

You go out on the track and after 10 or 20 laps you get acclimated to the speed. In your mind you slow it down. The driver sees just about everything. To an outsider looking in, things are a blur. On the inside looking out it's crystal

Mears said it's easier to get back in a car after an accident when he has figured out what went wrong, He knows the chances of the same thing that caused the accident recorring are slim and that makes it easier to face the track.

The 76th Indy may be one of the most competitive - and fastest in recent years. The pole sitter is Roberto Guerrero, who set qualifying records in his Lola-powered Buick with an average speed of 232,482 mph. The race features 10 former Indy winners, from Arie Luyendyk to Bobby Rahal.

Last May, Mears won Indy after a spirited duel with Michael Andretti to claim his fourth title. That put him in an exclusive club with legends A. J. Foyt and Al Unser Sr. as the only people to win four Indy



The Bulls' Michael Jordan got a rebound over the Cays' Brad Daugherty but was held to 20 points.

Long Road for Race's 2d Woman Driver

By Joseph Siano

New York Times Service
INDIANAPOLIS — Lyn St. James was not taking many telephone calls at her apartment here this past week. Each day, she was sitting in a spare bedroom, wearing a fire-retardant suit and crash helmet, driving in the Indianapolis

America's most famous auto race hasn't moved indoors, though. It will be run on Sun-day, as scheduled, before about 325,000 spectators at the Indianapolis Motor Speedway.

St. James is simply using a simulated chassis of a race car — her own innovation — in a very precise game of pretend, trying to duplicate the mental and physical demands of the race as she prepares to become only the second woman to drive in the Indy 500.

Along with horse racing, auto racing is one of the very few sports in which women compete against men at the highest level. Ascending to this level has required St. James to overcome conditions more forbidding than any she might ainst men at the highest level. Ascending to be simulating in her preparation for this weekend's race.

Before last Saturday, when St. James, 45, "Really I don't see what I do as drove a Lola-Chevy for four laps around the two-and-a-half-mile Speedway at an average

McCullers (8), Rogers (8), Russell (9) and Ru-driguez, W-Meochorn, 2-0, L-Rosers, 0-2, Sy-Montgornery (8), HRs-Kamaos City, Mac-fortone (4), Styrment (1); Tooss, Reimer (5), MATIONAL LEAGUE

Alchomore. W.—Burkett, 4-1, L.—Wolk, 1-3, Sv.—M. Jockson 12). New York 222 361 366—8 14 8 San Diero 079 861 106—8 6 2 S.Fernandez, Innis (8), and Hundley; Gr.-Harris, Radriguez (4), J.Hernandez (6), Clements (6), Alvers (7), and Santiago, Bilandello (9), W.—S.Fernandez, 3-4, L.—Gr. Harris, 1-4, HRS—New York, Mayrov (5), Bonitio 141; San Diego, Sheffield (8), Santiago (3), Dr. Jockson (5).

CENTRAL LEAGUE

PACIFIC LEAGE

BASKETBALL

CONFERENCE FINALS (Best-of-7)

EASTERN CONFERENCE

(Series Hed 1-1)
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Japanese Baseball

speed of 220.150 miles an hour (356.3 kilometers an hour), only Janet Guthrie had qualified to enter a bastion so alien to women that she had to leave the garage area wearing her driver's suit and mingle with spectators when she oeeded a restroom.

That particular situation has changed, and so has the pioneering atmosphere that defined Guthrie when she competed in the race in the

St. James insists that she sees herself as racer first, with the groundbreaker role several laps

"This is for me," she said. "This is a goal that I've had in meeting a career objective. It's a personally driven thing that I know could have ancillary benefits to it, but which I can't con-

In order for more women to ascend to the highest level of this sport, they will first have to master another sport, that of acquiring corpo rate sponsors. St. James had to approach about 150 compa-

nies before she found two - J. C. Penney and Agency Rent-a-Car — willing to provide the minimum of \$500,000 total to bankroll her

5-99-123, LWilliams 5-90-010, Brandon I-40-02, Ferry 2-20-94, Baffle 3-7-2-20, James 1-42-44, Kerry 9-28-09, Philips-22-22, Toolsus-97-25-28 107 CHI CAGO: Pisopen 4-14-3-6-11, Grant 5-10-0-0

CHICAGO: Pispen 4-14 3-411, Great 5-190-0 19, Curtwr 1stin 6-9-09, Pouson 2-6-08 5, Jordan 7-22 5-7-20, King 5-10 3-6 13, Armstrong 7-10 2-3 16, Levingston 6-1 0-0, Hodges 6-5-0-0, S.Wil-Horns 0-2-0-09, Pertule 1-2-0-02, Honsen 2-3-0-1 4-Totals 33-87 14-33 81.

4. Totals 33-87 14-32 81.
3-Point spails—Cleveland 4-7 1Price 4-5.
Ehig 9-1, Kerr 9-11. Chicago 1-7 1Paxxon 1-2.
Horston 9-1, Pionen 9-2. Hodges 9-2). Fouled spt—None. Rebounds—Cleveland 53 1Dougherly 91. Chicago 53 (Grount 12). Assists—Cleveland 26 (Ehia. Price 7). Chicago 17 1Pippen. Jordon. Perdue. Horston 33. Tetal fouls—Cleveland 23. Chicago 19. Teclanical—Piopen.

HOCKEY

CONFERENCE FINALS

(Best-of-7)

WALES CONFERENCE

Pirst Period—I. Pittsburgh, K.Stevens 4 Lingr, Lamieuxi. 9:08. 2, Pittsburgh, K.Stevens 9 (Proncia, Tocchel), 12:20 (pp). 3, Pittsburgh, K.Stevens 19 (Lemieux, Tocchel), 15:03. Second Period—4, Pittsburgh, Troftier 4 Lingr, Loneyi. 2:28. Third Period—6, Boston, Jungou 4 (Wasley, Occies), 0:11, 6, Pittsburgh, K.Stevens 11) Lemieux, Jogr). 14:21. Sacts on good—Pittsburgh (on Moog) 11-11-6—28. Boston (on Borrossol 12-11-8—51.

French Open drow for seeded players

Jim Courier (1), U.S. vs. quainer; control vs. Jaicob Hlosek (14), Switzertond; Carlos Costa (9), Spain vs. Korsten Brassch, Germany; Simon Youl, Australia, vs. Geran I vanisevic (8), Croatia; Pete Sampras (2), U.S. vs. Marc Rossel, Switzerland; qualifier vs. Alex-

Marc Rossel, Switzerland; qualifier vs. Alex-onder Volkov (14), CIS; Andre Agossi TII), U.S., vs. Javier Franc, Arpentina; Luiz Mot-tar, Brazil, vs. Guy Forget (5), France; Alichael Chang (5), U.S., vs. Paul Hoorhuls.

tim Courier II), U.S., vs. qualifier; qu

(Pittsburgh leads series 3-0)
rge 2 1 7-5
2 0 1-1

Stanley Cup

Although St. James has been enterprising

Netherlands: Francisco Clavet, Spain, vs. Richard Kralicek (12), Netherlands; Aaron Krickstein (13), U.S., vs. Mark Keevermans,

Krickstein (13), U.S., va. Mark Koevermans, Neiherlands; Jimmy Cannors, U.S., va. Mi-chael Silch (4), Germany; Petr Korda (7), Czechoslovakia. va. Christian Bergstram, Swęden; Sergi Bruguera, Spain, va. Ivan Lendi (10), Czechoslovakia; Brad Gilbert (15), U.S. va. Cedric Pioline, France; Olivier Soules, France, va. Stefan Edbers (2), Sweden.

WOMER

Manica Seles 11), Yugoslavia, vs. Catherine
Mothes, France; Radka Zrubakava, Czecho-slovakia, vs. Anke Huber 19), Germany; Mary

slovaklo, vs. Anke Finder (7), Germony; many Plerce (13), France, vs. Regine Rotichriovo, Czechoslovaklo; qualifier vs. Jennifer Co-pried! (5), U.S.; Gebrieto Sobolini (3), Ansen-lina, vs. Stivie Forina, Italy: Poscale Paradis-Mangon, France, vs. Katerina Maleeva (111).

ling, vs. Stivio Forina, Inary, Pascole Paradis-Mangon, France, vs. Katerina Malaeva IIII, Butgoria: Lelia Meskhi IISI, CIS, vs. Laura Gorrone, Italy: Loura Gildemelater, Peru, vs. Conchita Marithez (7), Spain; Manuela Maleeva-Fragniere (8), Switzer-

Conchito Martinet: (7). Spain:
Manuela Malexve-Fragmiere (8). Switzerland, vs. Halle Clotti, U.S.; Ines Garrochategul. Arsentina, vs. Nathalie Tauziat 112).
France: Kimiko Date 144 Jacom, vs. Nanko
Sowamotsu, Japan: Katla Delleklaus, Ger-

v. vs. Aronhu Sonchez Vicorio (4)

n; Mary-Joe Fernandez (6). U.S. vs. Glg

TRANSACTIONS

BASEBALL Notional League
FRANCISCO—Activated Robble
ion. second baseman, from 15-day disst. Optioned Craig Colbert, colcher. to

BASKETBALL

FOOTBALL National Pootball League NEW ENGLAND—Named James Hafe-mann vice president and Chief financial offi-

CHARLOTTE-TONY RE

nated sport on its head by approaching compa-nies that sell products to women, she has been turned down by, among others, major cosmetics companies.

But St. James demurs from blaming sexism for the paucity of female drivers here.

"If you knew how many licensed profession al race drivers there are and how hard it is to get here," she said, "the odds are so much against you that in the big picture, the gender issue is such a small thing."

The difficulty in making inroads stems more from the fact that auto racing, unlike major professional team sports, does not have an organized, talent-based system of advancement from grass-roots to the clite level.

It is a sport of individuals, who forge their way through the corporate structure in a search for ever-higher amounts of sponsorship money. St. James describes with delight her first meeting with the three decision-makers from

J. C. Penney. They were all women and it didn't hart, she adds, that one drove a Porsche and another a Jaguar.

What has eased St. James's path to Indy is the fact that she is the most experienced female racer in America, and very likely the world.

BELMONT ABBEY-Named Frank Mer

AEL/MONT ABBEY—Named Frank Mer-copillate sports information director. BROCKPORTST.—Named Michele Carron wamen's basketball cooch. BUCKNELL—Named John Zeigler water pote couch and assistant swimming cooch. CITADEL—Named Benly Taylor mon's as-

COLGATE-Named Don Voushan ice

men's basketball cooch.

MANHATTAN—Named Judy McCleary

MASSACHUSETTS-LOWELL—Named Gary Manchel men's bosketboll coach. NEW MEXICO—Signed Dove Billiss, men's bosketboll coach. to 3-year contract, N.C.-WILANINGTON—Bill Cosan, men's and wamen's cross country and track and field coach. resigned. NORWICH—Named Tray Amaris men's besketball coach.

eskethati cooch. PACIFIC—Fired Theresa Lowry, women's

official cooch.
PURDUE—George King, athletic director.

ROCHESTER-Stephen Locker, men's soc-

comen's bosketboll coach.

SOUTH FLORIDA—Named Poin LaPon

SRICKET S

England vs. Pakisto Friday, la London

MASSACHUSETTS-LOWELL-Named

sistant basketball coach.

nomen's velleyball coach

staking the Penguins to a 3-0 lead. er; and Stacy Harrison, comerback. COLLEGE ADELPHI—Named Karen Loober women's volleyball coach.

The defending Stanley Cup champions now bold a 3-0 lead in the four-of-seven-games Wales Conference final of the Nacional

STANLEY CUP PLAYOFFS

Hockey League. The winner of this series will play the winner of the Chicago-Edmonton series in the Stanley Cup finals. Chicago leads that series, 3-0.

cooch.

10WA STATE—Named Debra McClura
warnan's assistant basketball cooch.

JOHN CARROLL—Named Mike Moran

consecutive games and their best player, Mario Lemieux, has returned from a broken left hand. He

cord for goals in a playoff game is five, held by five players, including Lemieux. Bryan Trotoer had the

62 seconds later with a five-minute major penalty for high-sticking Ulf

Cavs Trounce the Bulls, 107-81, to Even Series ing to assist Ehlo, as well as Mike about whether they had the much

By Harvey Araton New York Times Service CHICAGO - If the Knicks

were a wake-up call for the Chicago Bulls in the Eastern Conference semifinals, then the Cleveland Cavaliers sounded a fire alarm at Chicago Stadium.
The Cavaliers trounced the Bulls

in a manner the slowball Knicks could have only dreamed of.

Dispelling the silly notion that the only way to beat these Bulls is to wrestle them to the floor and take the air out of Michael Jordan as they never have before, the Cavs evened the Eastern Conference finals Thursday night at one game apiece with a stunning 107-81 vic-

The worst loss I've ever been involved in," said the Bulls' Horace Grant, who predicted a quick turn-around for Game 3 ou Saturday in Richfield, Ohio.

The Cleveland coach, Lenny Wilkens, had guaranteed his team would make its presence felt after a lethargic defeat in Game 1, when the Bulls talked of how much fun they'd had, how airy and spacious the court had seemed with the Knicks gone, and what a pleasant, wimpy bunch of fellows the Cavaliers were.

"We couldn't be cream puffs and marshmallows if we won 57 games," said Wilkens. "Our guys knew bow upset I was, but I was pretty confident we'd come out and

play harder."

As it turned out, Wilkens was guilty of egregious understatement. To his credit, he finally acknowledged that in order for his team in beat the Bulls, it had to significantly step up its defensive pressure oo Jordan and Scottie Pippen. Even Jordan has nights when the

basket seems to just say no. The fin bug he said he had before Thursday night's game couldn't have helped, though Craig Ehlo, who helped ha-rass Jordan to 7-for-22 shonting, didn't want to hear it.

"If he was sick, he should have stayed home," Ehlo said, A more aggressive Ehlo was only part of the story, as the Cavs ex-tended their defense, double-team-

Penguins Sink Bruins For 3-0 Lead

By Joe Lapointe New York Times Service

BOSTON - Kevin Stevens grew up to the Boston area as a hockey fan. He played as an amateur for Bostoo College and almost became a Bruins employee last summer. Instead, the big left wing remained a Penguin, and he scored

four goals Thursday night to help his Pittshurgh teammates beat the home team, 5-1, at Boston Garden. The first three goals were on a natural hat trick in the first period,

"It couldn't happen in a better place," Stevens said. "I hadn't scored in five games. When you are goal scorer, you worry about those

After falling behind in the first round to Washington and twice battling back from two-game defi-cits, the Penguins ousted the Capitals in seven games and then elimi-nated the Rangers in six despite falling behind after three games.

Since then, they have won six

played well again in his second game back, getting three assists. The Naconal Hockey League re-

SAN JOSE STATE—Nomed Koren Smith other Pittsburgh goal. Joe Juneau, a Boston rookie, scored early in the third period to cut the lead to 4-1 but left the game

Sanders on Pippen. With Jordan making two of his 13 first-half shots and Pippen four of 11, the other Bulls had no answers.

"We actually wanted to doubleteam a little more in the first game," said Wilkens, "but we didn't do a very good job of it." The Bulls missed their first 13

shots of the game. By the time Pippen connected from 20 feet with 3 minutes, 36 seconds left in the first quarter, they were in a 20-6 bole and they weren't going to get as much as a leg up in trying to climb

The Cavaliers, meanwhile, pre-sented an awesome display of ball movement, with Brad Daugherty establishing his low-post offense and with Larry Nance and John Williams loosening the Bulls up for Mark Price's one-man motion offense to tear them apart. In building a 59-33 Halftime lead, the Cavs made 63.6 percent of their

shots, to Chicago's 27.9. Twelve of Price's 21 first-half points came on 3-point shots. Daugherty bad 16 of his game-high 28 in the opening Jordan finished with 20 points

and Pippen 11, a far cry from the 62 points they combined for in Game

ness to shut down the team that before Thursday night had a 15-2 record against them over the last

Fast breaks aside, the Cavs have never surrendered an abundance of layups, as they were the No. 1 shotblocking team in the league this season.

The Bulls coach, Phil Jackson, calls the Cavs' defensive philosophy an "umbrella, the kind where it you're not shooting well, you can be sitting out there putting shots up and getting nothing accomplished." That said, Jackson went on in decry his players' effort, saying they "deserved to be boosed," as they were walking off following the

"I never sat through an exhibit tion of baskerball like that," his added, referring more to the Bulls

first half.

than the Cavs.

Any thoughts that halftime reflection would redirect this rout were gone when Price, on consecutive trips down the floor in the third quarter, slipped between the giants for offensive rebounds of his own missed jumpers and set up a basket and two free throws by Nance. By the middle of the fourth quar-

ter, the Cavs' lead having mushroomed to a high of 35, Jordan and Between Games 1 and 2, the Cavs were besieged with questions ably looking forward to Game 3.

Connors vs. Stich In French Opener

PARIS — Jimmy Connors delighted French Open fans last year with a starting third-round battle against 1989 champioo Michael-Chang before succumbing to cramps in the fifth set.

Connors, 39, is hack at Roland Garros stadium this year, but his

stay may be shorter. On Friday, he drew 1991 Wimbledon champion Michael Stich, the No. 4 seed, as his first-round foe, (See Scorehoard) Defending champion and top-ranked Jim Courier drew a qualifier hut is likely to face Austria's Thomas Muster, a tough clay-courts player, in the second round. Muster won the Monte Carlo tourna-

lo the women's draw, two-time champion and top seed Monica Seles faces France's Catherine Mothes in the first round. Steffi Graf. also a two-time winner here, meets Rene Simpson-Alter of Canada. Connors haso't forgotten how the organizers let him into the tournament last year despite a ranking of 322 due to inactivity

following hand surgery.

He said that he was proud be didn't oeed a wild card this year. "I hope to do what I did in 1991." he said, "especially if the fans

support me again." He added, "At the time I had only two months training behind me. I was in much better conditions physically three months later at

Flushing Meadow." Connors's beroics in Paris laid the groundwork, for a semifinal appearance at the U.S. Open in September, John McEnroe, ranked 36th this year compared to Connors's 38,

plays Niklas Kuilti of Sweden in the first round. Last year. McEnroe. No. 2 seed Stefan Edberg faces French wild card Olivier Soules in

the first round. American Pete Sampras, the third seed, meets Mare-Rosset of Switzerland in a battle of hard servers.

Two other Americans have tough Dutch opponents. Chang, seeded fifth, plays Paul Haarhuis, who once beat McEnroe at the U.S.: Open. Aaron Krickstein, seeded 13th, faces Mark Koevermans.

SIDELINES

Nelson Named NBA Coach of the Year

OAKLAND, California (AP) - Don Nelson, whose Golden State Warriors won 55 games during the regular season, has been named the NBA's Coach of the Year for an unprecedented third time. After leading the Warriors to their best record in 16 years. Nelson

received 26 of a possible 96 votes from a panel of sports broadcasters and writers who made the selection. Pat Riley of the New York Knicks was

second with 21 votes, followed by Phil Jackson of the Chicago Bulls with 17. "This one is the most exciting one because I woo in a year in which there were so many great jobs done by great coaches," said Nelson, who also won the honor in 1983 and 1985 with the Milwankee Bucks.

Basques Set Tour de France Demands

SAN SEBASTIAN, Spain (AP) — Radical Basques threatened Friday to disrupt the opening stages of the Tour de France if certain organizational conditions were not met. Herri Batasuna, the party considered the political wing of the armed

Basque separatist group ETA, said the exclusive use of the red-greenwhite ikurrin, or Basque flag, and preferential use of Euskara, the Basque language, were necessary conditions for a smooth start to the 21-day cycling tour that begins here on July 4.

A spokesman for the group declined to specify what would happen if

mur organizers rejected or ignored the conditions. He said the Basque party desired a problem-free start to the cycling race.

For the Record

Jean-Claude Killy, the former Olympic ski champion who organized the Winter Olympics in Albertville, has been named president of a new company to organize such sports events as the Tour de France. (Reuters)
Kentucky Derby winner Lil E. Tee won't be running in the Belmont Stakes June 6 because of a lung infection his trainer says was present during the colt's fifth-place finish in the Preakness last Saturday. (AP)

Astrid Strauss, winner of a swimming silver medal for Germany in the

1988 Olympics, was suspended Friday by the German Swimming Federation, pending an investigation into possible drug use. She faces a sixmonth ban if it is ruled she took performance-enhancing drugs.

(AP) Robert Millar, the British cyclist, was fined \$2,000 after a second test showed be had taken performance-boosting substances during the Tour of Spain, the head of the Spanish Cycling Federation said Friday. (AR)

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DAVE BARRY

Back to Nature, Dude

This is Part Two of a two-part throw a party, all the guests gather in the kitchen, and you can't get postitie bear)

M IAMI — While in Montana we spent a couple of peaceful days in a cabin on the Bench Ranch, which is owned by Jack and Susan Hyneman, veteran ranchers who know what a "heifer" is and are not afraid to walk right up and touch a live borse, something I would oot do except from inside an

armored personnel carrier. The Bench Ranch is just up the road a piece, or possibly two pieces, from the town of Fishtail, which is not far from Roscoe. The major mdustry in the Fishtail-Roscoe metroplex is cows. Cows do not have what you would call a varied lifestyle. Every morning they wake up and have a group planning meeting. They go: "Well, what does everybody want to do today?" "I know! Let's stand around eating!"

Sounds good!" I generally doo't go near cows. because they, like horses, fall into the category of Large Animals With Unnecessarily Hard Feet. But my son. Robby, wanted to see them up close, and finally, by accusing me of being a coward, which I am. he got me to climb with him over the fence, so that we were INSIDE WITH THE ACTUAL COWS. There were maybe 50 of them, and they all looked up at us and started moving around in a suspicious manner, suggesting to me that they had just that morning decided to quit eating grass and become car-

"Let's presend to be harmless herbivores, they were saving "then use our unnecessarily hard fee: 10 So I climbed back out of there pronto. But the next day I went back, this time protected by a real cowperson named Jeff Guckenberger, and his dog, L. C. (for "Last Chance"), L. C. is a hard-working. very strict, 40-pound dog who does NOT approve of the cow lifestyle. At the slightest signal from Jeff, she'd leap off the truck and charge into a group of 800-pound cows, barking orders. And the cows, whose TONGUES are bigger than

L. C., would move. Everybody should have a dog like this, You know how, when you

them to move into the living room? The West, charing which, as we shall You could just give the signal, and ice. I was very nearly killed by a L.C. would come charging into the kitchen, barking and nipping at your guests' heels, and in oo time they'd be in the living room, grazing on hors d'oeuvres.

Our big excitement at the Bench Ranch was watching a calf get born. One of the cows just lay down on her side, and a little while later she emitted a baby cow about the size of John Sununn. It looked painful, but the other cows paid no attention. "They don't bave a

strong support group," said Jeff. Meanwhile, the bull who fathered this calf was off with the other bulls, drinking beer and playing cards.

After we left the Bench Ranch.

we drove down the road several bundred pieces to Cody, Wyoming. We stayed in the mountains outside of town in a cabin owned by Ted and Kate Williams, who, like so many modern couples with small children, are concerned about the issue of bears. Yes. There are real bears running around out there, unsupervised, without beenses or collars or any thing.

I became coocerned about this issue myself sooo after we arrived. when I walked up the hill from the main bouse to the cabin at dusk to get a frozeo pizza out of the refrigerator for the kids.

As I walked back down the hill, alooe, in the gathering darkness, it occurred to me that I was a natural target for bears. I realized that it could very well be a little-known fact that 96 percent of all bear attacks involve frozen pizza. They develop a lust for pepperoni. Pretty soon I was walking fast, then actually sprinting down the hillside, whirliog my head around looking for large dark shapes.

You may laugh, but that night it snowed, and library to the snowed to the snowed to the snowed by found big round tracks outside the cabin, and Kate said she thought maybe they were bear tracks. So do I. When you've been out West as long as I have, roughly six days, you get a feel for these things, and those tracks definitely belonged to a bear, probably violent. It might even have been a

Knight Ridder Newspapers

Madrid Trails in Spain's Culture Derby

By John Rockwell
New York Times Service

MADRID — One can hardly blame
Madrid for seeming a bit defensive.
This grand metropolis of the booming new Spain is feeling decidedly third-rate in its de facto cultural competition with Barcolona and Seville this year. They have the Olympics and Expo '92, respectively, with lavish arts programs to match.

Madrid, aside from its already extensive normal cultural offerings, has the status of 1992 Cultural Capital of Europe. Tais honor, conferred on a different city each year by the European Community, is meant to enhance culture for the host's citizens and attract the attention of the rest of Europe. But conversations with Spanish officials in Madrid and European officials in Brussels indicate that the title is still in the process of refinement. Meaning no one is quite sure what a "cultural capi-

tal" is supposed to be or do. In addition, Madrid has been caught up in a local political squabble that has divided cultural forces and led to safe compromises where boldness might have made a more striking statement.

The political problem is a division between a conservative mayor and Socialist regional and national governments. The Socialists started planning the Cultural Capital program but lost interest when they lost the mayoral election. Planning was turned over to a consortium uneasily encompassing both political parties. There has been a constant upheaval of staff personnel and a deliberate compromise choice as head of the consortium.

"I am no politician, and my appoint-ment came quite late," said Pablo López de Osaba García, the consortium's director general, in late April in the consortium's palatial offices. Osaba is a Roman Catholic priest, despite his secular dress. He ran a contemporary arts museum near Madrid for 15 years as well as a summer

festival of religious music.

"Osaba and his poor group of people were stuck in the middle of the political warfare," said Gudie Lawaetz, the general manager of the Media Business School bere, which is sponsoring a European filmindustry conference in June under consortium auspices. "They had a very slow start, and things were really hairy for a while. But 1 think they've done very well."

Madrid bas had to define its idea of what a cultural capital might mean in the absecce of leadership from Brussels, where the Cultural Capital program was born in 1985.

"There are no rules, no guidelines," said Osaba. The hands-off policy was confirmed by Colette Flesch, the administrative bead of that part of the Brussels Eurobureaucracy that includes culture. "After

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Two performers in Madrid at "Edge 92" a British-run avant-garde arts program during the month of May.

a city is chosen, there is no further direc-tion," she said. "We try to offer some office help, but we have no staff." One reason for this approach is the sensitivity in Brussels about imposing Europe-wide rules, especially before the economic integration of Europe that is scheduled for the end of the year.

"The idea of a Cultural Capital stems from Melina Mercouri when she was the minister of culture of Greece," Flesch said. Cities apply for the honor, and the choice is made by the ministers of culture of the member nations in one of their periodic meetings in Brussels. Cities receive a token subsidy from the European Parliament, which now amounts to \$230,000. They can also combine the cultural celebration with construction projects that will have a lasting effect and for which they can apply for additional European support.

The program has gathered momentum over the years and has proved more suc-cessful in smaller cities. "Madrid is trying to do a good job," Flesch said. "But special events in the smaller cities stand out. The program started out rather modestly in Athens in 1985. When Paris was the capital in 1989, it was totally buried in the celebrations of the bicentennial of the French Revolution. But Glasgow in 1990 was a turning point."

Enrica Varese, an Italian who heads the cultural subdivision in Flesch's agency, confirmed that analysis. "Glasgow used the occasion to transform itself with new construction projects," she said. "And I think Antwerp next year will be pretty impressive. They have a large budget."

The European Parliament appears to think the program has merit. After Antwerp, the cities will be Lisbon in 1994, Luxembourg (of which Flesch was mayor for a decade) in 1995 and Copenhagen in When that first cycle of cities from the

12 member nations is completed, the process will be repeated. This time, however, it will be open to "other European countries basing themselves on the principles of democracy, pluralism and the rule of law," in the words of a resolution of the culture ministers. In the meantime, a European Cultural Month has been started for cities outside the 12 members countries. Krakow, Poland, is this year's choice, with Graz in Austria, Budapest and Pragne to come in 1993, 1994 and 1995.

In Madrid, the consortium's main problem has been how to impose coherence and establish a festival presence in a major city already teeming with culture, Cynics have mocked the program for listing long-time cultural staples as if they were Cal-

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tural Capital events, such as exhibitions at the Practo.

"They've had trouble with people tun-derstanding what was expected of them," Lawaetz said in an interview. "A lot of people locally think it's a joke." Osaba said that a Madrid cultural bud-get of \$60 million had been assembled this

year from the city, the region, the state, Brussels, two specially designated national lotteries and corporate sponsors.

The consortium lists some 1,800 events in its handsomely packaged box of bro-chures. Osaba is especially proud of a series of conferences with big-name participants from all over the world. These, he said, are designed to address major Euro-

pean issues on the eve of economic and

political unification on Jan. 1, even if most

of them are cultural only in the broadest. Underlying all these efforts, however, is the sense of a losing battle with Barcelona, and Seville. Osaba insisted that Maduid's Cultural Capital events had "nothing to do" with the other two Spanish cities, but nobody believes him.

"It's very hard for them, with all the hype about Seville and Barcelona," Lawaetz said. "They would have been better off two years ago or two years from For the Very Last Time

For the Very Land Sing.

After 36 years of being manded werkengies by million of Americans, Johnny Carrent 56 war calling it a night Pridey, as he broadcast his final show before an invited audience of friends finally frances) and family. But has promite the case were the final show before an invited audience of family. But has promite the show on Thursday, immined of family in hopes of peting one of the 465 tickets to the performance. Typical was Markyta Haspile. 28 who had flown in from \$1. Louis chieched ticked No. \$2 and said four generations of her family fa four generations of her family bad watched Carron: "I just felt I had to be here for the built show, it's real history. His guests on the Thursday show were Robin Williams and Bette Milder, Williams limits and Bette Milder. Williams brought down the house by being milely hawdy. Carrier gasped: "We're out a here tomberow. What do I case, what are they going to do use need the standard sent mental with Midler, a Canon favorite. He and Midler, a Canon favorite. He and Midler lemanted into an imprompte dust of "Refere That Rainy Day," one of Carrier's favorite songs and she ended the show by lovingly singing "the More For My Baby" to a minipacyed Carron, who said: "It attends over. You know what I feel likely a chicken. And the Colone's while ping up 11 herbs and maces."

of Darway The Spanish economist Jum Taylarde Paeries, 65, was awarded one of Spain's pressignors Principe do Asturias prizes Priday for his studies in the development of the coastry's economic structure. The award, one of eight granted amonity, carries a cash grant of 5 million perenas (350,600) and a scalpture by the Spanish artist Jose Mich.

According to Laty Richard Wast-ser's wedding list, published in a London newspaper, matching his and-lier (blue-and-pink) switz hist-tics would be welcome, as would a Nintendo computer game and c £444(\$\text{\$\}\$}}\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\tex ning Standard, won't say how he got hold of the 294-item list, which he said was included with wedding-invitations. "Two things emerge" from the list — extravagence and velocity. Sowell wrote. Lady Hel-en, 21st in line to the theole, is in marry Thanthy Taylor, a 25-year old art dealer, on July 18 at St. George's Chapel, Windsor Castle,

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